Environmental and Utility Services

Mission: *Provide environmental leadership through policy development, program design and reliable utility services.*

The services and programs of the Environmental and Utility Services (E&US) CSA provide integral support to the Council-approved Strategic Initiatives and Economic Development Strategy. By providing and maintaining sound environmental infrastructure, programs, and services for residents and businesses, the community continues to be a sustainable and attractive place to live, work, and play. The quality and reliability of the services delivered by the E&US CSA are extremely high and have resulted in remarkable environmental leadership and achievements. The continued maintenance and expansion of these programs and services are necessary components of the City's economic growth and vitality.

The 2007-2008 Business Plan and Investment Strategy focus on addressing the significant short- and long-term infrastructure rehabilitation and replacement needs of the San José/Santa Clara Water Pollution Control Plant (Treatment Plant) and the sanitary and storm sewer collection and conveyance systems. Preliminary estimates have identified over $1 billion in capital needs for the Plant over the next 15 years in order to ensure system reliability, efficiency, and sustainability. Similar needs are present in the sanitary and storm sewer conveyance systems. In order to fund the scope of capital programs required to achieve this goal, significant rate increases in the sewer service and use and storm sewer operating funds are required.

The City Council has taken several recent steps to strengthen the City's position of environmental stewardship. With City Council's recent adoption of the United Nations (UN) Environmental Accords and revisions to the Green Building Policy, several proposals were approved to provide the staffing and other resources to implement these policies and enhance the City's energy efficiency program. These changes will better position the City to continue its evolving position as a leader in sustainability and conservation.

Primary Partners

Environmental Services

Transportation

CSA OUTCOMES

- Reliable Utility Infrastructure
- Healthy Streams, Rivers, Marsh and Bay
- "Clean and Sustainable" Air, Land and Energy
- Safe, Reliable and Sufficient Water Supply

Budget at a Glance

	2006-2007 Adopted	2007-2008 Adopted	% Change
Total CSA Budget (All Funds)	$181,081,243	$207,095,037	14.4%
Total Authorized Positions	612.63	624.88	2.0%

Budget & Performance Highlights

- **Sanitary Sewer Infrastructure Rehabilitation** – The Sanitary Sewer Flow Monitoring Program (Master Planning) project will complete the Sanitary Sewer Capacity Assessment Phase II study for the City's East and West Service Areas and update the Phase I Capacity Master Plan for the South, Central, and North Areas. Flow monitoring, engineering, and analysis will begin in 2007-2008. The master plan studies will identify sewer capacity deficiencies in the trunk sewer system based on the City's 2020 General Plan criteria, and recommend a prioritized capital program for sewer capacity improvement projects.

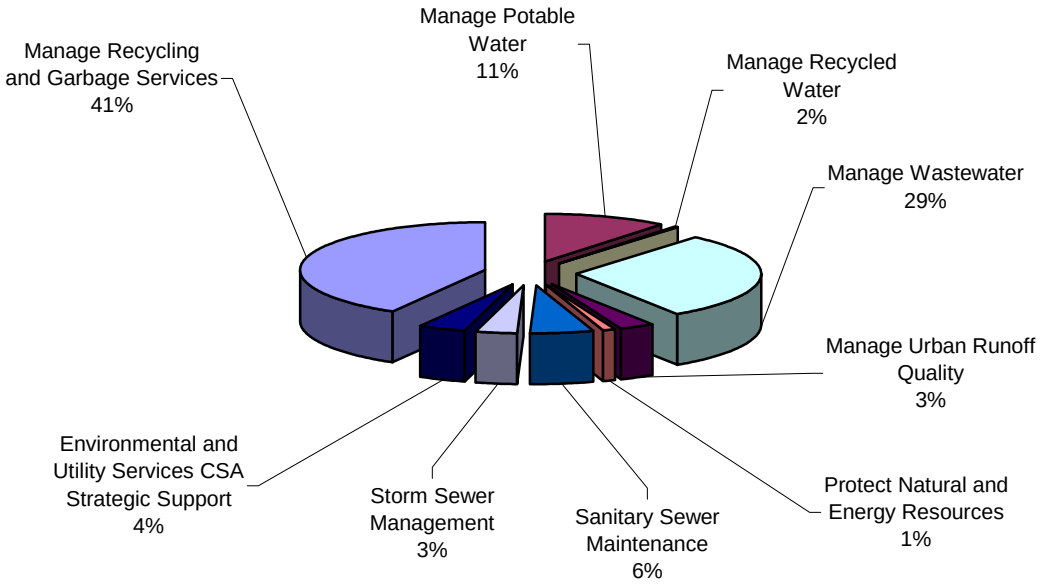
- **Water Pollution Control Plant Infrastructure Rehabilitation** – To begin to address critical infrastructure repair and replacement needs at the Treatment Plant, sewer rates were approved to increase by 9% in 2007-2008. Additionally, the 2007-2008 Adopted Capital and Operating Budgets reflect funding for positions to staff an As-Built Drawings Program; Plant Asset Management Program; and Preventative Maintenance Program.

- **Storm Sewer Infrastructure Rehabilitation** – Storm sewer infrastructure continues to require significant maintenance and replacement. The 2007-2008 Adopted Capital Budget reflects: a fourth year of funding to replace or rehabilitate one or two of the older pump stations to reduce the risk of localized flooding; a third year of funding for the Neighborhood Storm Drainage Improvements project to address drainage concerns along special corridors; funding for the Storm Outfall Rehabilitation project to ensure continued flood protection to business and residents; Creek Stabilization Program funding; and funding for Storm Inlet/Outlet GIS mapping. Storm sewer rates were approved to increase by 9% in 2007-2008 to address these infrastructure needs and the increased demands of implementing current stormwater permit requirements related to commercial, industrial, and construction inspection activities. Funding for three positions was approved to support stormwater permit activities.

- **Wholesale Water Cost Increases** – Due to a 7% (weighted) increase to the cost of wholesale water from the Santa Clara Valley Water District and the San Francisco Public Utilities Commission, as well as costs related to staffing needs for the Integrated Billing System and the Customer Contact Center, and the maintenance of required reserve levels, Muni Water rates were approved to increase by 7.3%.

- **New Recycle Plus Hauler Contracts** – New contracts for Recycle Plus garbage, recycling, yard trimmings, and street sweeping services for single-family services in Districts A and C (areas previously served by Norcal Waste System, Inc.) were executed in November 2006. Service transitioned to the new haulers on July 1, 2007. Due to the increased cost of these contracts, ($15.8 million or 54%), Recycle Plus rates were approved to increase by 28%.

2007-2008 Total Operations by Core Service



City Service Area Budget Summary

	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Manage Potable Water	$ 16,781,942	$ 19,479,522	$ 21,856,642	$ 21,763,442	11.7%
Manage Recycled Water	2,457,772	3,929,254	4,233,192	4,233,192	7.7%
Manage Recycling and Garbage Services	61,737,811	68,952,638	83,427,165	83,670,498	21.3%
Manage Urban Runoff Quality	4,447,924	5,808,278	5,591,196	6,172,472	6.3%
Manage Wastewater	50,510,843	53,211,230	56,508,353	59,927,754	12.6%
Protect Natural and Energy Resources	997,454	2,691,950	2,403,273	2,939,340	9.2%
Sanitary Sewer Maintenance	8,321,401	10,126,277	10,575,205	11,572,205	14.3%
Storm Sewer Management	5,927,884	6,773,569	6,831,686	6,898,060	1.8%
Strategic Support	7,582,546	8,642,525	8,565,750	8,565,750	(0.9%)
Subtotal	**$ 158,765,577**	**$ 179,615,243**	**$ 199,992,462**	**$ 205,742,713**	**14.5%**
Other Programs					
City-Wide Expenses	$ 915,017	$ 1,466,000	$ 778,000	$ 1,352,324	(7.8%)
Subtotal	**$ 915,017**	**$ 1,466,000**	**$ 778,000**	**$ 1,352,324**	**(7.8%)**
Total	**$ 159,680,594**	**$ 181,081,243**	**$ 200,770,462**	**$ 207,095,037**	**14.4%**
Authorized Positions	**594.63**	**612.63**	**594.63**	**624.88**	**2.0%**

Current Position *How are we doing now?*

- During summer of 2006, discharge from the Treatment Plant met or exceeded all National Pollution Discharge Elimination System (NPDES) Permit requirements at 102 million gallons per day (mgd), well below the 120 mgd summer flow trigger.
- South Bay Water Recycling (SBWR) use for summer 2006 averaged 12.6 mgd.
- Solid waste recycling and landfill diversion was 62% for 2004 (latest State certified number), the highest rate achieved by any large city in the country.
- City-wide facility and utility energy conservation is 16%.

Selected Community Indicators *What external conditions influence our strategies?*

- New Developments - Increases to the Treatment Plant dictate implementation of new flow reduction programs and Plant expansion when the flow reaches 142 million gallons per day.
- Recycled Water Use = 6.0 million gallons per day on an annual basis - Indicates growth in use of recycled water for irrigation, agriculture, and industrial use.
- Solid waste landfill volumes - Indicates success of diversion programs. State mandate = 50% diversion.
- Recycling and diversion rates of the different sectors of the waste stream; e.g. Single Family Dwelling, Multi-family Dwelling, Commercial, Construction & Demolition - Indicates which areas need to focus recycling education efforts.
- Percent of streets experiencing severe parking impacts that prevent effective street sweeping = 10%.
- Global climate change and air quality.
- Population growth.
- Urban Tree Canopy - health and coverage.

Trends / Issues / Opportunities *What developments require our response?*

Services to Residents and Businesses:

- Continue water conservation and water recycling to ensure an adequate supply, in light of continuing population growth and global warming's effects on water supply.
- Improve neighborhood cleanliness by continuing to address parking impacts on street sweeping effectiveness.
- Work with the new residential garbage and recycling service providers to implement a seamless transition.
- Enhance the City's leadership in recycling through partnering with the County Household Hazardous Waste (HHW) Program to increase collection of household chemicals and e-waste.
- Review the City's Environmental Purchasing Policies and revise as needed.
- Develop a "Clean and Green" Downtown Program to improve diversion and increase recycling effectiveness in the downtown core through the restructuring of the commercial solid waste and recycling program.

Revenue and Costs:

- Aging storm sewer, sanitary sewer, and Treatment Plant infrastructure results in increased maintenance and rehabilitation/replacement costs. A recent evaluation of the infrastructure condition at the Treatment Plant identified an estimated $250 million in high-priority projects to be completed within the next five years and preparation of a Master Plan for long-term needs and improvements.
- Meet the infrastructure needs such as water, street maintenance, solid waste services, and sanitary and storm sewers for the North San José Development Plan, Evergreen Plan, and Coyote Valley Specific Plan.
- Proposition 84, passed by voters in November 2006, provides $5.4 billion to State and local agencies for improving natural resources and water programs including State projects and grants for flood control, safe drinking water, improving water quality, integrated water management, water planning, and sustainable communities.

Trends / Issues / Opportunities *What developments require our response? (Cont'd.)*

- The slower economy continues to result in lower commercial and industrial revenues for sewer and solid waste funds.
- Rising natural gas, electricity, fuel, and wholesale water costs have greatly increased expenses for the Treatment Plant, Recycle Plus, Municipal Water System, and other City facilities.
- Review Solid Waste Diversion Policy and Action Plan to evaluate recycling program alternatives in order to maximize diversion and enhance revenue through a restructuring of the commercial solid waste system.

Coordination and Collaboration:

- Participation in the Santa Clara Valley Water Resources Protection Collaborative to address issues related to land use near streams in order to protect surface and groundwater quality and quantity.
- Increasing regulatory and stakeholder interest in stream restoration and addressing the watershed impacts of previous land development.
- Increase stakeholder interest in addressing watershed and community impacts of litter.
- Continue to work with the Santa Clara Valley Water District, regulators, and other stakeholders to evaluate how stormwater impacts may be addressed within streams.
- Partnership with Santa Clara Valley Water District (District) for operation of South Bay Water Recycling (SBWR) System. The City and District are working on several fronts on issues pertaining to recycled water including: advanced treatment of recycled water; expansion of uses, irrigation of redwood trees and other sensitive plants; and securing federal and State grants.
- Influence water supply planning through participation in the Bay Area Water Conservation and Supply Agency.
- Continued participation in the Santa Clara Valley Urban Runoff Pollution Prevention Program and the Watershed Management Initiative to leverage resources to meet water quality protection objectives and stormwater permit requirements.
- Participate in the State and federal planning process for restoration of the South Bay Salt Ponds (16,500 acres) to ensure that the City's and Treatment Plant's interests are considered, including protecting Alviso and the Treatment Plant from any potential tidal impacts, ensuring that Moseley Tract and Pond A18 issues are considered and addressed, and to provide endangered species habitat.
- Participate in the Shoreline Study to ensure flood protection for the City and Treatment Plant.
- Collaborate with the County to identify a permanent Household Hazardous Waste (HHW) site. There is a growing list of materials that are banned from the landfills, resulting in an increased need for HHW drop-off events and sites.
- Work with State and regional groups to advocate for producer responsibility of waste streams that create pollution of air, land, and water.

Regulatory Issues:

- Work with co-permittees, Regional Water Quality Control Board (RWQCB), and stakeholders to develop new National Pollutant Discharge Elimination System (NPDES) Wastewater Permit with feasible and reasonable provisions, to be renewed in 2008.
- Participate with Bay Area Clean Water Agencies (BACWA) and the RWQCB to develop and implement the City's Sanitary Sewer Management Plan (SSMP) to meet the requirements of the RWQCB.
- Regulatory development of Total Maximum Daily Loads (TMDLs) for several pollutants will impact the 2007 NPDES stormwater permit and future permits for the Treatment Plant.
- The US Environmental Protection Agency's 2005 Administrative Order requires a series of analyses, corrections and actions focused on enhancing and improving the regulation and inspection of companies that discharge wastewater to the San José/Santa Clara Water Pollution Control Plant.

Trends / Issues / Opportunities *What developments require our response? (Cont'd.)*

Emerging Programs:

- Develop and implement a pilot Environmental Management System within the Environmental Services Department to analyze, control, and reduce the environmental impact of the Department's activities, products, and services and operate with greater efficiency and control.
- Silicon Valley Energy Watch Partnership with PG&E, a three year grant program, will provide extensive energy efficiency education and outreach to the community.
- San José can help reduce the State's contribution to climate change by developing integrated strategies that will reduce traffic congestion, criteria air pollutants, and emissions of greenhouse gases from mobile sources.
- The City's Green Building Program will provide ongoing benefits and savings in the operations and maintenance of City facilities.
- With the adoption by the State of the California Solar Initiative, opportunities to use solar and other renewable energy technologies will be analyzed for adoption by the City.
- The Environmental Services Department, now operating as a certified Green Business, is assisting other City departments in achieving certification, including City Hall, which was certified in August 2006.
- The UN Urban Environmental Accords provide an additional driver for City environmental initiatives and opportunity to showcase our leadership.
- Declining urban forest increases energy demand, urban runoff, and pollution.
- Global warming is of growing concern and requires the City to reduce its greenhouse gas emissions.

Policy Framework *What policies and regulations guide our strategies?*

- Economic Development Strategy and Strategic Initiative Priorities.
- NPDES Wastewater Permit - Defines the objectives the City must meet and guides flow reduction program development to ensure the wastewater treatment plant meets conditions that protect the San Francisco Bay from contaminants and conditions that could negatively impact water quality.
- NPDES Stormwater Permit and Urban Runoff Management Plan (URMP) - Defines how the City will meet the objectives as set forth in the NPDES permit.
- Sanitary Sewer Management Plan - Identifies and prioritizes capacity improvements to the City's sanitary sewer collection system in order to provide reliable service to support the City's General Plan.
- AB939 50% Diversion Mandate - Mandates that the City maintain a landfill diversion rate of 50% or greater.
- Environmentally Preferable Procurement Policy - Reduction of environmental impacts through the City's purchase of products with improved environmental performance.
- Sustainable City Major Strategy - Statement of San José's desire to become an environmentally and economically sustainable city by conserving its natural resources for the use of present and future generations, incorporating the City's Green Building and energy policies.
- Pollution Prevention Policy - Reduction of the use of pesticides and mercury-containing products in City operations in order to prevent pollution and protect water quality.
- Water Policy Framework - Strategic directions for developing and prioritizing work plans and programs that maximize ecosystem protection.
- San José 2020 General Plan - Establishes goals and policies for infrastructure management and solid waste and level of service goals for sewage treatment, sanitary and storm sewers and flood protection.
- Sustainable Energy Policy - Guides current and future energy actions. It also provides an integrated, comprehensive guide that decision-makers can use to ensure the energy policies and programs are mutually reinforcing and do not conflict with one another or with other City goals, objectives, and programs.
- UN Urban Environmental Accords - Environmental issues that the City has agreed to address to enable sustainable urban living and improve the quality of life for residents of San José in the areas of: energy, waste reduction, urban design, urban nature, transportation, environmental health, and water.

Policy Framework *What policies and regulations guide our strategies? (Cont'd.)*

- Green Building Policy - Guides the construction and renovation of City facilities and identifies ways to reduce energy and water use, improve air quality, use recycled materials, and reduce the environmental impact of the City's facilities.
- Environmental Policy - Establishes the E&US CSA's commitment to establish an environmental management system, continual improvement in the way City activities impact the environment, pollution prevention and compliance with relevant laws and regulations.
- Council Policy on the Use of Plant Buffer Lands – Framework for decisions on use of the Treatment Plant's buffer lands will form a foundational document for the Plant Master Plan process.

General Plan Alignment

Adopted by the City Council, the San José 2020 General Plan sets forth the vision of San José, reflecting the community values of its residents, and business owners. It is a long-range plan identifying the location and intensity of land uses, character of future development and existing neighborhoods, and the overall quality of life of the San José community.

Other plans (e.g., the Sustainable City Policy, Economic Development Strategy, Sanitary Sewer Master Plan) are consistent with the General Plan, providing a greater level of detail as to how to achieve the goals set forth in the General Plan.

The General Plan identifies long-range service goals and policies for:
- Sewage treatment - to ensure development does not exceed the capacity of the Treatment Plant
- Storm drainage - minimize flooding on public streets and property from storm water
- Solid waste - exceed 50% waste diversion, maintain 20 years of landfill capacity and provide for recycling at every location where waste is generated

In light of projected resources, the business plan identifies a five-year goal of:
- Millions of gallons a day (mgd) discharged to the Bay during Average Dry Weather Effluent Flow (ADWEF) season is less than 120 mgd
- The percentage of utility assets in working condition for storm sewer lines is 99%

The E&US CSA is working with the Planning, Building and Code Enforcement Department to modify existing service goals and add a new level relating to sustainability, solid waste, and water policy in order to increase alignments between the CSA Business Plan and the General Plan.

Key Strategic Goals & Objectives *Where are we going?*

Outcome 1: Reliable Utility Infrastructure

- **100% Cost-Recovery in Special Funds** — Maintain programs at 100% cost-recovery to ensure financial integrity and fiscal responsibility of funds. A combination of program efficiencies and modest rate increases will be used to balance expenditures and revenues to keep programs as close to 100% cost-recovery as possible.

Key Strategic Goals & Objectives *Where are we going? (Cont'd.)*

Outcome 1: Reliable Utility Infrastructure (Cont'd.)

- **Rehabilitation and Replacement of Aging Infrastructure** — The utility infrastructure in San José, which include the sanitary sewer system, storm sewer system, the Treatment Plant, and the water distribution system, is aging and requires increased maintenance. The problem is particularly critical at the Treatment Plant where almost $1 billion in infrastructure rehabilitation and replacement in the next ten to 15 years has been identified. Examples include: $83 million in electrical reliability improvements; $15 million in valve, pump, and motor replacements; $10 million in underground piping replacement; $30 million in old headworks rehabilitation; $21 million in digester replacements and improvements; and $10 million replacement of 30-year old blowers. In order to maintain system reliability and minimize maintenance costs, the older infrastructure needs to be rehabilitated or replaced. The City Council has approved moving forward with a master planning process for the Treatment Plant to address long-term needs and improvements.

- **Maintain the Focus of the Storm Sewer System Capital Program** — Storm sewer infrastructure includes storm drain pipelines, storm drain pump stations, storm outfalls into waterways, and curbs and gutters. In 2005-2006, the capital program focus shifted from large infrastructure for system-wide needs to minor improvements that address localized drainage in residential neighborhoods. Neighborhood storm drainage improvements include storm pump station replacements as well as drainage improvements in Strong Neighborhoods Initiative Areas.

- **Continue to Meet and Exceed the State's AB939 Diversion Mandate of 50%** — San José has succeeded in achieving 61% diversion of solid waste from landfills. As a result, the expected life span of San José landfills has been effectively increased to at least 2020. The CSA will also continue to analyze diversion and disposal information, conduct outreach to encourage continued diversion, and improve service delivery and reliability of solid waste collection while maximizing diversion and providing high quality customer services. The CSA will continue to analyze materials capacity and the required infrastructure development to handle the waste from San José's growing population.

- **Replace Legacy Utility Billing System** — In December 2004, the City Council approved the purchase of a PeopleSoft (now Oracle) product to replace the existing Utility Billing System (Socrates). Bearing Point was selected as the systems integration vendor and, in September 2005, Council approved a revised scope of work to include the implementation of Customer Relationship Management. Phase 1 of the Integrated Billing System (formerly the Consolidated Utility Billing System) was implemented in 2006. The system is designed to automate numerous manual functions, provide enhanced service to customers and provide technological infrastructure which can be leveraged to incorporate other customer and service request management activities across the City organization.

- **Continue to Improve Service Delivery and Reliability of Residential Street Sweeping** — The City employs parking prohibition and enforcement on sweep days, as well as education and outreach, as tools to improve the quality of street sweeping in select high parking impact areas. This strategy is proving to be successful in many neighborhoods. The City will continue to work with the community to further identify areas that will benefit from this strategy.

Outcome 2: Healthy Streams, Rivers, Marsh and Bay

- **Continue to Meet and Exceed NPDES Wastewater Permit Requirements** — The City's NPDES permit development and management approach identifies the most cost-effective and environmentally beneficial programs. Through technical studies, regional cooperation, and programmatic efforts, the Treatment Plant strives to provide regulatory certainty to the City and discharge community by resolving issues such as copper, nickel, and mercury discharge limits, freshwater flows to the south bay, and marsh mitigation.

Key Strategic Goals & Objectives *Where are we going? (Cont'd.)*

Outcome 2: Healthy Streams, Rivers, Marsh and Bay (Cont'd.)

- **Continue to Meet and Exceed NPDES Stormwater Permit Requirements** — The City conducts activities to limit non-storm water discharges to the storm sewer system and to implement "Best Management Practices" (BMP) to reduce pollutants. Activities include implementing BMPs for municipal activities, enforcing State and local regulations, working with new development to minimize pollutants, preparing for the new regional permit, and educating the community on how to protect water quality.

- **Continue to Invest in the Recycled Water System to Enhance Water Quality and Reliability** — Recycled water use has been key to diverting flow from the Bay. As recycled water use evolves from irrigation purposes only, to include more industrial and commercial customers, it is critical that the reliability of the system in terms of both quality and quantity be enhanced to minimize water interruption and meet increased recycled water demands. The City and the District are partnering on the design and construction of an advanced recycled water treatment facility and associated reservoir(s) to maintain the high quality of the water as more and more customers are connected to the system. The City and District are continuing to explore additional opportunities for expanding recycled water use.

- **Watershed Management Initiative, Santa Clara Valley Urban Runoff Pollution Prevention Program, and Water Resources Protection Collaborative** — The City continues to take an active role in the Watershed Management Initiative, which provides a rich forum for engaging stakeholders in watershed issues and supports the implementation of initiatives consistent with the Watershed Management Initiative Watershed Action Plan, adopted in 2003. The City will continue participation with other co-permittees as a member of the Santa Clara Valley Urban Runoff Pollution Prevention Program to develop stormwater programs and implement stormwater permit requirements. The City will also continue implementation of the guidelines and standards for land uses near streams, which were developed as part of the Water Resources Protection Collaborative.

Outcome 3: "Clean and Sustainable" Air, Land and Energy

- **Utilize Green and Sustainable Building Design and Construction Principles in Public and Private Construction** — The City is committed to implementing the Green Building Policy and goals for green building design and construction. In 2007, the City revised the Green Building Policy to ensure achievement of the U.S. Green Building Council LEED Silver standard for all new city facilities larger than 10,000 square feet. The City Council also recommended reviewing how the City's existing buildings could use the LEED for Existing Building green building guidelines, and asked for a program that would provide technical assistance and incentives for the private sector adoption of green building techniques.

- **Promote Energy Efficiency** — The City is continuing the Local Government Partnership Program with PG&E, funded by the California Public Utilities Commission. This program, the Silicon Valley Energy Watch Program (SVEW), will provide technical assistance, educational events and workshops, marketing and outreach, in order to coordinate energy efficiency services within Santa Clara County.

- **Promote Environmentally Responsible Land Use** — Utilizing closed landfills for both interim and permanent productive purposes provides a benefit to the community. Productive uses of landfills can include community athletic complexes such as softball and soccer fields, as well as land for temporary or permanent City use. Additionally, soil is a valuable commodity. Coordination of City project soil disposal and purchase needs, the temporary storage or staging of soil, and the ultimate reuse of soil can lead to significant cost savings.

Key Strategic Goals & Objectives ***Where are we going? (Cont'd.)***

Outcome 4: Safe, Reliable and Sufficient Water Supply

- **Continue to Meet and Exceed Drinking Water Quality Requirements** — The San José Municipal Water System ensures that drinking water delivered to customers meets all applicable federal and State health standards. Water at various locations in the distribution system is tested daily using the latest testing procedures and equipment.
- **Continue to Meet and Exceed Recycled Water Quality Requirements** — The South Bay Water Recycling Program delivers recycled water from the Treatment Plant to customers for reuse in irrigation, landscaping, and other beneficial purposes. Planned upgrades to Treatment Plant facilities through the 2008-2012 Adopted CIP will ensure continued treatment of recycled water to meet customer needs and comply with regulatory requirements.
- **Continue and Increase Water Conservation Efforts** — The Water Efficiency Program (WEP) will increase support of the indoor water conservation efforts of the Santa Clara Valley Water District through cost sharing agreements that implement water conservation programs. Water conservation reduces flows to the Treatment Plant and provides water supply benefits, which is needed to support increased population growth as well as the effects of climate change and potential drought on water supply.

Overview

The Environmental and Utility Services CSA will focus its service efforts in 2007-2008 and 2008-2009 on adjusting resources to meet City Council and community priorities, and continue to address an aging utility infrastructure and emerging regulatory requirements. Reliable and efficient utility services and strong environmental leadership both contribute to a strong economy and a sustainable community.

Key Investments & Objectives *How will we accomplish our goals?*

In order to minimize rate increases resulting from these shifts and from increased program costs, the E&US CSA has identified and implemented numerous efficiency savings and leveraged funds where possible. Despite these efforts, revenues have been, and continue to be, inadequate to address the scope of capital projects necessary to maintain an optimal utility infrastructure, the increasingly more stringent and costly regulatory requirements, and increases in contract costs.

In order to cover the escalating costs of service delivery, infrastructure rehabilitation and replacement, and regulatory compliance, rate increases are again required for 2007-2008. The storm sewer system, sanitary sewer system, and Treatment Plant are all faced with an aging infrastructure which is in need of critical repairs and rehabilitation. In a draft report, "Infrastructure Condition Assessment", prepared by a consulting firm, an estimated $997 million in Plant infrastructure needs were identified, of which $250 million are critical. Like the Plant, significant portions of the sanitary sewer and storm sewer systems are over 50 years old and in critical need of rehabilitation or replacement. In order to address these critical needs over the next decade, rate increases of 9% were approved for 2007-2008 for both sewer and storm fees to fund the Sanitary and Storm Sewer System Capital Improvement Programs.

A rate increase of 7.3% was approved for the Municipal Water System to cover anticipated wholesale water cost increases and Integrated Billing System (IBS) staffing needs. In order to fund the increased costs associated with the new hauler contracts and cost-of-living adjustments, a rate increase of 28% was approved for the Recycle Plus program.

Outcome 1: Reliable Utility Infrastructure

Year 1: 2007-2008 – *Planned Service Strategies*

Sanitary Sewer Infrastructure Improvements

In order to address critical infrastructure needs in the sanitary sewer system, the following augmentations were approved:

- As part of the Sanitary Sewer Management Plan (SSMP) implementation, funding was approved to restructure sewer cleaning processes and equipment.
- An upgrade of the sewer system database in the Department of Transportation was approved to enable it to link to the Public Works Department's Sewer Infrastructure Database.
- Four new vactor trucks were approved to be purchased to improve the effectiveness and efficiency of sewer line cleaning and blockage removal.
- The Flow Monitoring Program (Master Planning) project will complete the Sanitary Sewer Capacity Assessment Phase II study for the City's East and West Service Areas and update the Phase I Capacity Master Plan for the South, Central and North Areas.
- The Flow Monitoring project will collect dry- and wet-weather sewer flow data for the Sanitary Sewer Master Plan projects, as well as for sewer design and sewage flow diversion planning purposes. Data collected in 2007-2008 will be used to calibrate the sewer hydraulic model and enhance the accuracy of sewer system performance analysis.
- The Hydrogen Peroxide Demonstration project is a 12-month pilot project designed to mitigate sewer odors in North San José along Zanker Road. Potential benefits to the sewage treatment process at the Treatment Plant will also be analyzed.

Key Investments & Objectives ***How will we accomplish our goals? (Cont'd.)***

Outcome 1: Reliable Utility Infrastructure (Cont'd.)

Year 1: 2007-2008 – *Planned Service Strategies (Cont'd.)*

San José/Santa Clara Water Pollution Control Plant Infrastructure Improvements

In order to address critical infrastructure needs at the Treatment Plant, the following capital improvement program projects and operating budget augmentations were approved:

- Environmental Services Department is developing a comprehensive Plant Master Plan to cover all aspects of the Plant: land use, infrastructure rehabilitation/replacement, disinfection, energy use, bio-solids, and other items. The cost of this activity is split over three years, with $2.5 million planned for 2007-2008, $2.5 million in 2008-2009, and $1 million in 2009-2010.
- Additional staffing was added to develop and implement a comprehensive Infrastructure Management System to enable precision asset management and optimal expenditure of capital funds.
- A net-zero transfer of funds from the Plant capital program was approved to fund permanent staffing to update and create complete as-built drawings for all of the Plant's electrical and instrumentation assets. This will substantially improve productivity and safety by maintaining an accurate and retrievable set of as-built drawings as the long-term CIP is implemented.
- An additional five positions were added to develop and implement a comprehensive preventative maintenance program to decrease the number of corrective maintenance repairs.

Storm Sewer Infrastructure Improvements

In order to address critical infrastructure needs in the storm sewer system, the following capital improvement program projects were approved:

- The fourth year of a comprehensive storm pump station rehabilitation capital program was approved to address the aging storm sewer infrastructure by replacing or rehabilitating the oldest and least reliable pump stations to reduce the risk of localized flooding during storm events.
- Funding for targeted neighborhood storm drainage improvements along heavily-utilized pedestrian corridors was approved to alleviate localized ponding resulting from inadequate drainage capability.
- A number of Alviso drainage improvements, including improvements to the Gold Street Pump Station and other infrastructure, were approved in order to reduce the negative impacts of storm runoff.
- Phase 2 of Storm Inlet/Outlet Mapping in GIS was approved to improve maintenance tracking and scheduling.

Year 2: 2008-2009 – *Projected Service Strategies*

General Fund Reductions and Revenue Enhancements

- The CSA will continue to explore revenue generation opportunities to support the General Fund.

Infrastructure Rehabilitation and Replacement

- The CSA will continue to explore funding strategies to address the Storm Sewer, Sanitary Sewer, and Treatment Plant infrastructure needs. Alternative sources of financing, such as bonds, loans, and grants, will be evaluated in order to minimize rate increases needed to fund the over $1 billion in Plant projects over the next 15 years.

Key Investments & Objectives ***How will we accomplish our goals? (Cont'd.)***

Outcome 2: Healthy Streams, Rivers, Marsh and Bay

Year 1: 2007-2008 – *Planned Service Strategies*

Wastewater Program Implementation

- Additional staffing was approved for one year for the Pretreatment Program in order to ensure program performance while also implementing a rigorous staff training program.
- Program funding was approved to expand activities to promote pollution prevention messages and practices.

Plant Staffing

- Three positions were added to the Plant to provide sufficient staffing to operate and maintain the new headworks, Pond A-18, South Bay Water Recycling Pump Stations, and electrical and mechanical assets.
- In order to reduce contractual services costs, one Air Conditioning Mechanic position was added.
- One Industrial Safety Engineer position was added to implement a comprehensive safety program at the trades level to enhance employee safety and ensure OSHA compliance.

Laboratory Staffing

- Additional staffing was approved for the Watershed Protection Laboratory in order to maintain implementation of quality assurance/quality control procedures and maintain service levels to support compliance monitoring and additional studies for the Treatment Plant.

Stormwater Permit Implementation

- One additional position was added to provide improved oversight of construction activities in order to ensure that proper practices are implemented to prevent pollutants from entering the storm sewer system.
- Additional staffing was approved for Watershed Enforcement to address the increase in the number of businesses that must be inspected to ensure use of stormwater best management practices.

Year 2: 2008-2009 – *Projected Service Strategies*

NPDES 2007 Stormwater Permit

- Staff is currently participating in the Regional Water Quality Control Board's development of a municipal regional permit for stormwater management, which is expected to be adopted in 2007. Pending the outcome of this permit, additional requirements may be added, at which time staff will determine resource implications.

Outcome 3: "Clean and Sustainable" Air, Land and Energy

Year 1: 2007-2008 – *Planned Service Strategies*

Green Building Policy Implementation

- In order to implement the Council-approved Green Building and LEED policies, two positions were added in the Environmental Services and Planning, Building and Code Enforcement Departments. This will help the City achieve higher LEED standards in public and private buildings.

Energy Efficiency Program

- One position was added for the Energy Efficiency Program implementation to identify opportunities for energy efficiency in existing City facilities and install the energy measures, thus saving energy and money on a long-term basis.

Key Investments & Objectives ***How will we accomplish our goals? (Cont'd.)***

Outcome 3: "Clean and Sustainable" Air, Land and Energy (Cont'd.)

Year 2: 2008-2009 – *Projected Service Strategies*

Green Building and Energy Efficiency Programs

- The CSA will continue to explore ways to fund these programs and provide more opportunities for green building and energy efficiency implementation.

Outcome 1: Reliable Utility Infrastructure

San José/Santa Clara Water Pollution Control Plant Reliability Projects

The multi-year Plant Reliability Improvements Project at the Treatment Plant is scheduled for completion in October 2007, ten months ahead of schedule. Construction of this project began in spring of 2005. When complete, this project will increase peak wet weather flow capacity from 271 mgd to 400 mgd. Past wet weather flows during prolonged rainstorms have caused inflow to the Treatment Plant to surpass 320 mgd, resulting in numerous operational difficulties.

Design of the Emergency Electrical Improvements to begin to address the Treatment Plant's aging electrical system is currently underway. Design of Phase I of the larger Electrical Reliability Improvements project is scheduled for 2007-2008. Construction of Phase I will begin 2009-2010 and will continue over a six year period due to implementation and funding constraints. The total budget for the project is $83 million. The Treatment Plant has also received approval from PG&E to design and construct a 1 mega-watt fuel cell at the Treatment Plant in 2007-2008. Upon completion the Treatment Plant will receive a rebate from PG&E that pays for the majority of the design and construction costs. The fuel cell has higher efficiency than current electrical generation equipment, uses renewable energy, and has minimal emissions.

Infrastructure Improvements

In 2004, the Alternative Disinfection Project Study began at the Treatment Plant. This project will evaluate and construct the facilities required for the Treatment Plant to switch from gaseous chlorine to alternative disinfection methods. Detailed design of the project is nearing completion and construction is scheduled to begin in 2007-2008. Design of Digester Improvements is scheduled for 2007-2008. This project will rehabilitate four of the 16 digesters at the Plant which are currently out of service due to severe corrosion and damage caused by age. Construction is scheduled over four years due to funding constraints. In 2007-2008, staff will begin development of a 30-year master plan to identify and plan for future needs of the Treatment Plant. Funding for the master plan is spread over a three-year period.

5 Year Strategic Goals		2008-2012 5-yr Goal	2006-2007 1-yr Target	2006-2007 Estimate	2007-2008 1-yr Target	2008-2009 2-yr Target
A. *Environmental and Utility Services CSA delivers quality Capital Improvement Program (CIP) projects on-time and on-budget*	1. % of CIP projects delivered* within 2 months of approved baseline schedule	85%	85%	78% (14/18)	85%	85%
	2. % of CIP projects that are completed** within the approved baseline budget	90%	90%	90% (9/10)	90%	90%
	3. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after first year of use	80%	80%	80%	80%	80%
	4. % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5)	85%	85%	85%	85%	85%

Changes to Performance Measures from 2006-2007 Adopted Budget: Yes[1]

* Projects are considered to be "delivered" when they are available for their intended use.

** Projects are considered to be "completed" when final cost accounting has occurred and the project has been accepted.

[1] Changes to Performance Measures from 2006-2007 Adopted Budget:

✕ "% of project delivery costs compared to total construction costs for projects: less than $500,000, between $500,000 and $3,000,000, greater than $3,000,000" has been eliminated from each CSA, and replaced by a new measure in the Public Works Department Plan, Design and Construct Public Facilities core service located in the 2007-2008 Adopted Operating Budget. The revision introduces an improved methodology which captures more complete project delivery costs and sets targets based on benchmarks by project type.

Outcome 1: Reliable Utility Infrastructure (Cont'd.)

5 Year Strategic Goals	CSA Performance Measures	2008-2012 5-yr Goal	2006-2007 1-yr Target	2006-2007 Estimate	2007-2008 1-yr Target	2008-2009 2-yr Target
B. Preserve the City's utility infrastructure to optimize service delivery capabilities	1. % of utility assets in working condition:					
	- SJ/SC Water Pollution Control Plant	95%	95%	93%	95%	95%
	- Sanitary Sewer lines	99%	97%	98%	98%	98%
	- Storm Sewer lines	97%	97%	94%	95%	95%
	- SJ Municipal Water	95%	95%	99%	95%	95%
	- South Bay Water Recycling	95%	95%	100%	95%	95%
	2. % of customers rating service as good, based on reliability, ease of system use and lack of disruption:					
	-Portable	90%	85%	82%	90%	90%
	-Recycled	90%	75%	84%	80%	80%
	3. Ratio of MWS average residential water bill to average residential water bill of other San José water retailers*	<100%	<100%	74%	<100%	<100%
C. Provide for collection, disposal & processing of solid waste	1. % of waste diverted from landfills (State Goal: 50%)	70%	62%	61%	61%	65%
	2. % of residents rating collection services as good or excellent					
	- Single-Family Dwelling	90%	85%	89%	85%	85%
	- Multi-Family Dwelling	85%	75%	76%	75%	80%

Changes to Performance Measures from 2006-2007 Adopted Budget: No

* San José water retailers include: San José Water Company and Great Oaks Water Company

Infrastructure Improvements (Cont'd.)

The sanitary sewer master plan studies scheduled for 2007-2008 will identify sewer capacity deficiencies in the trunk sewer system based on the City's 2020 General Plan criteria, and will recommend a prioritized capital program for sewer capacity improvement projects.

A comprehensive storm pump station rehabilitation and upgrade capital program was developed and begun in 2004-2005 to reduce the risk of localized flooding. The program continues with a fourth year of funding in 2007-2008, during which engineering design will begin for the replacement of the electrical systems for the Gold Street Storm Pump Station.

A project at existing pump stations for the recycled water system, which will enhance reliability and improve system operations, was awarded in August 2006 and construction completion is scheduled for 2007-2008. Recycled water pipelines along Coleman Avenue toward the City of Santa Clara were completed and the new five million gallon reservoir under construction was also completed in 2006-2007.

Successful Solid Waste Diversion

The City of San José achieved a State-certified diversion rate of 62% for the State's 2003-2004 Biennial Review period through administration of its residential, commercial, and civic garbage and recycling programs, and is among the highest diversion rate of any large city in the nation. San José's extensive incentive-based programs make it easier to "Recycle Where You Live, Work and Play". Customer outreach to neighborhoods and businesses, and a high level of customer satisfaction, also contribute to the overall success of these well-designed programs.

The City's preliminary diversion rate for 2005-2006 is 61%, which has been submitted to the California Integrated Waste Management Board (CIWMB) for approval. This rate will not be approved until the Board concludes the 2005-2006 Biennial Review, now estimated to be in late 2008. While the diversion rate has decreased by one percentage point from 2003-2004, this amount is considered a reasonable system fluctuation and does not represent a trend that requires further action. To maintain the diversion rate above the State's 50% mandate, additional opportunities for diversion will continue to be explored.

Outcome 2: Healthy Streams, Rivers, Marsh and Bay

5 Year Strategic Goals	CSA Performance Measures	2008-2012 5-yr Goal	2006-2007 1-yr Target	2006-2007 Estimate	2007-2008 1-yr Target	2008-2009 2-yr Target
A. Manage stormwater for suitable discharge into creeks, rivers and the Bay	1. % of Urban Runoff Management Plan (URMP) tasks completed by target date	100%	100%	95%	100%	100%
	2. % of residents surveyed who understand that any substances that get washed down the street end up in the Bay without treatment through the storm drain system	60%	43%	43%*	50%	50%
B. Manage wastewater for suitable discharge into the Bay	1. Mgd discharged to Bay during the average dry weather effluent flows (ADWEF) season	<120 mgd	105 mgd	102 mgd	105 mgd	105 mgd
	2. % of time pollutant discharge requirements for wastewater NPDES permit are met or surpassed	100%	100%	100%	100%	100%
C. Develop, operate, and maintain a recycled water system that reduces effluent to the Bay	1. Millions of gallons per day diverted from flow to the Bay through recycled water during the ADWEF period	15 mgd	13.5 mgd	14 mgd	15 mgd	15 mgd

Changes to Performance Measures from 2006-2007 Adopted Budget: No

* Survey scheduled for 2006-2007 was deferred to early 2007-2008.

Managing Health of the Bay

Since 1990, the City has invested considerable efforts toward protecting local streams, rivers and the San Francisco Bay salt marsh habitat. The Treatment Plant's average dry-weather effluent flow for 2006 was 102 mgd, well below the 120 million gallons per day trigger set by the State to protect wildlife habitat for the seventh consecutive year. The Plant continues to consistently meet permit discharge requirements.

Salt marsh habitat protection is a key element of San José's watershed protection efforts. City staff actively participates in the South Bay Salt Pond Restoration Project, which aims to restore former salt ponds to salt marshes or managed pond habitat in the South Bay, as well as the South San Francisco Bay Shoreline Study, which will study the flood protection requirements for the area.

The City continues to actively participate in watershed regional planning and management efforts. As part of the Clean Estuary Partnership (CEP), City staff have been integral in setting the direction of this group. The CEP provides a unique forum for Water Board staff to work closely with stakeholders to address water quality issues through the development of Total Maximum Daily Loads (TMDLs) or other water quality attainment strategies that are designed to improve the health of the watershed.

Managing Stormwater

The City's various departments continue to successfully collaborate to implement increasingly stringent NPDES stormwater permit requirements. City policies have been updated, establishing an implementation framework to address stormwater treatment and flow control requirements for new construction and redevelopment. The Environmental Services, Public Works, and Planning, Building and Code Enforcement Departments have revised their business processes and continue to make developer outreach a top priority.

Environmental Services Department has also teamed with Parks, Recreation and Neighborhood Services; Transportation; and General Services Departments to implement various pilot projects related to developing new Integrated Pest Management tools and techniques for municipal operations, as well as researching several structural trash management devices designed to prevent trash from entering local waterways.

The current stormwater permit has been administratively extended since February 2006 pending development of a Municipal Regional Permit (MRP) for stormwater which will cover 76 municipalities in the Bay Area. City staff continues to work with Water Board staff on the development of the MRP. A Tentative Order is anticipated to be released in fall 2007.

Outcome 3: *"Clean and Sustainable" Air, Land and Energy*

Green and Sustainable Building Program

In March 2007, the City Council adopted a revised Green Building Policy requiring that certain new municipal buildings over 10,000 square feet be constructed to achieve LEED Silver level certification at a minimum, with a goal of reaching LEED Gold or Platinum certification. As one of the five largest U.S. cities that have adopted the LEED Silver standard, San José's new Green Building Policy places it in the forefront of cities striving toward sustainability. City projects already underway toward achieving Silver LEED certification include: the Roosevelt Community Center and the South San José Police Substation.

Included in the revised Policy was direction that staff assess existing City facilities, including a pilot project that would apply the LEED-Existing Building rating system, and establish a work plan for outreach to the private sector. Components of this pilot include exploring incentives and providing education on the use of additional LEED or other high-performance building guidelines and specifically include all developments supported by the San José Redevelopment Agency and Housing funds.

Energy supply, reliability, and rising costs continue to be a concern. As part of the City's Sustainable Energy Policy, San José is increasing its efforts to pursue energy efficiency in City operations. In particular, as part of Mayor and Council direction, the potential use of renewable/solar energy on City facilities will be assessed and explored.

The City is continuing its partnership with PG&E and the California Public Utilities Commission through the Silicon Valley Energy Watch Program (SVEW). The 2006-2008 SVEW Program will provide targeted energy education and outreach services within the South Bay/Silicon Valley. Through this new agreement, the City will develop outreach to increase energy efficiency program participation, based on the unique needs of the South Bay/Silicon Valley. Acting as a Regional Coordinator for PG&E Portfolio Programs, the City will work closely with PG&E, local government partnerships, and third party energy efficiency providers to augment the success of regional programs through enhanced coordination. This will reduce customer confusion and lost opportunities, while increasing program permeation in customer markets.

5 Year Strategic Goals	CSA Performance Measures	2008-2012 5-yr Goal	2006-2007 1-yr Target	2006-2007 Estimate	2007-2008 1-yr Target	2008-2009 2-yr Target
A. Promote improved air quality	1. % of City vehicles using alternative fuels or are ultra-low emission vehicles	50%	11%	34%	36%	40%
B. Utilize Green Building Design principles in all public buildings and encourage their use in private development	1. % of new and existing buildings incorporating Green Building Guidelines:					
	-Applicable Public Buildings	100%	100%	100%	100%	100%
	-Commercial Buildings	10%	10%	10%	10%	10%
	-Attached Residential	10%	10%	10%	10%	10%
C. Procure, manage and conserve clean, economical and reliable sources of energy	1. % of energy conserved in City facilities	16%	16%	16%	16%	16%
	2. # of renewable systems in City facilities	5	1	1	1	1
D. Reduce, reuse, and recycle solid waste at home, work, and play	1. % of residents rating the City's job of providing information on how to recycle as good or excellent	90%	88%	70%	88%	88%

Changes to Performance Measures from 2006-2007 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2006-2007 Adopted Budget:

✕ The 2006-2007 measure "% of City-owned closed landfills utilized for Tier 1 beneficial uses" was deleted. This measure has been in place for several years and due to achieved results there is little more progress to be made.

Outcome 4: *Safe, Reliable and Sufficient Water Supply*

Successful Water Recycling and Conservation

The City plays an important role in ensuring future water supplies through its water conservation and water recycling programs. Both of these programs serve a dual purpose: (1) conserving potable water supplies, and (2) reducing the amount of wastewater to the San José/Santa Clara Water Pollution Control Plant. Both programs have been a major factor in keeping flows below the 120 mgd permit trigger.

The South Bay Water Recycling (SBWR) Program has continued to increase the number of customers using recycled water to over 500. SBWR provides the greatest short-term and long-term flow reduction potential. The City and Santa Clara Valley Water District have undertaken a collaborative effort to prepare a long-term plan for the operation, maintenance and future expansion of the SBWR system.

Opportunities remain to achieve water conservation from indoor and outdoor water use. The City's water conservation efforts are currently only funded for indoor water conservation that prevent wastewater flows from the Treatment Plant from approaching the 120 mgd trigger. Given increased population growth, the potential effects of climate change on water supplies, and drought, the Santa Clara Valley Water District is requesting additional conservation support in the coming years. The City will continue and increase cost sharing on indoor water conservation programs with the Santa Clara Valley Water District to help them achieve their conservation goals.

5 Year Strategic Goals	CSA Performance Measures	2008-2012 5-yr Goal	2006-2007 1-yr Target	2006-2007 Estimate	2007-2008 1-yr Target	2008-2009 2-yr Target
A. Decrease reliance on imported water	1. Mgd of water conserved and recycled	23.0	20.9	20.9	21.4	21.4
B. Public is educated regarding water conservation, and the safe and appropriate use of recycled water and water resources*	1. % of residents demonstrating water conservation knowledge	40%	30%	29%	33%	35%
	2. % of residents with water saving fixtures in their home	55%	40%	46%	49%	52%
	3. % of residents who are in favor of using recycled water	90%	80%	62%	70%	75%
C. Meet or exceed drinking and recycled water quality standards	1. % of San José Municipal Water System drinking water samples meeting or surpassing State and federal water quality	100%	100%	100%	100%	100%
	2. % of time recycled water meets or surpasses State recycled water standards (Title 22)	100%	100%	100%	100%	100%

Changes to Performance Measures from 2006-2007 Adopted Budget: No

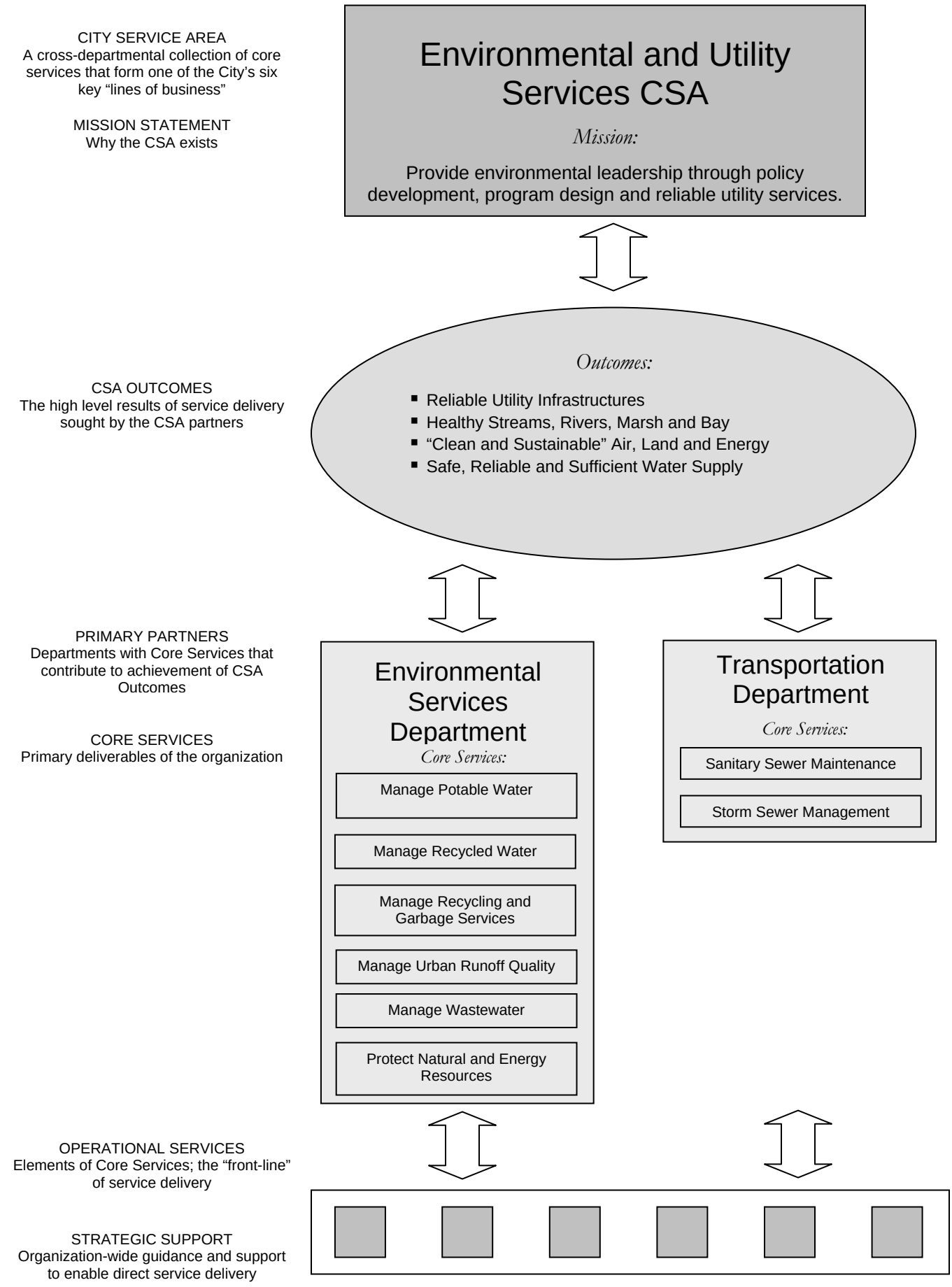
* Data comes from the Water Focus Survey. The next Water Focus Survey is scheduled for early 2007-2008.

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
Outcome: **RELIABLE UTILITY INFRASTRUCTURE**			
Manage Potable Water (Environmental Services)			
• Integrated Billing System Staffing	(1.00)	(93,200)	0
Manage Recycling and Garbage Services (Environmental Services)			
• Intergrated Waste Management Program Administrative Efficiencies	2.00	(27,194)	0
• Community-Based Organizations Funding Reduction		(24,079)	(24,079)
• Las Plumas Site Maintenance*	1.00	177,656	0
• Public Litter Cans Maintenance Funding Shift	1.00	0	0
• Civic Yard Trimmings Collection Funding Shift		0	(235,200)
• Rebudget: Public Area Recyling Program		116,950	0
Manage Wastewater (Environmental Services)			
• Plant Infrastructure Management Program*	5.00	792,849	0
• Plant Preventative Maintenance Program*	5.00	660,518	0
• Plant As-Built Drawing Program*	5.00	557,889	0
• Plant Expansion and Reliability Improvement*	3.00	461,006	0
• Plant Industrial Safety Program*	1.00	153,511	0
• Plant Master Plan Outreach*		100,000	0
• Diesel Retrofit Mandate Compliance		75,000	0
• Plant HVAC Management Program	1.00	56,321	0
• Infrastructure Mapping Equipment*		50,000	0
• Vehicle Maintenance Staffing		(4,000)	0
Sanitary Sewer Maintenance (Transportation)			
• Vehicle Maintenance Staffing		(3,000)	0
Storm Sewer Management (Transportation)			
• Vehicle Maintenance Staffing		(2,000)	0
Subtotal	**23.00**	**3,048,227**	**(259,279)**
Outcome: **HEALTHY STREAMS, RIVERS, MARSH AND BAY**			
Manage Urban Runoff Quality (Environmental Services)			
• Watershed Enforcement Staffing	2.00	237,384	0
• 2008-2009 Storm Sewer Rate Increase Noticing and Outreach		200,000	0
• Construction Site Inspector Staffing*	1.00	118,692	0
• Rebudget: Watershed Outreach Program		25,200	0
Manage Wastewater (Environmental Services)			
• Plant Lab Staffing	2.00	187,565	0
• Pretreatment Program Staffing		86,692	0
• Pollution Prevention Program Expansion		75,000	0
• Rebudget: WET Rebate Program		90,000	0
• Rebudget: Watershed Outreach Program		77,050	0

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
Outcome: **HEALTHY STREAMS, RIVERS, MARSH AND BAY (Cont'd.)**			
Sanitary Sewer Maintenance (Transportation)			
• Sewer Maintenance Equipment		500,000	0
• Rebudget: Vactor Trucks		500,000	0
Storm Sewer Management (Transportation)			
• Storm Sewer Staffing	(0.75)	(63,546)	0
• Expanded Street Sweeping Signage	1.00	131,920	0
Subtotal	**5.25**	**2,165,957**	**0**
Outcome: **"CLEAN AND SUSTAINABLE" AIR, LAND AND ENERGY**			
Protect Natural and Energy Resources (Environmental Services)			
• Green Building Policy Implementation*	1.00	200,695	8,859
• Energy Efficiency Program*	1.00	0	0
• Rebudget: Energy Watch Grant		298,685	298,685
• Rebudget: Silicon Valley Energy Program Grant		36,687	36,687
Subtotal	**2.00**	**536,067**	**344,231**
Other Changes			
City-Wide Expenses (City-Wide)			
• Energy Efficiency Program*		574,324	574,324
Subtotal	**0.00**	**574,324**	**574,324**
Total Core Service Changes	**30.25**	**6,324,575**	**659,276**

** Approved investment change is a new initiative/spending item since the 2006-2007 Adopted Budget.*

Service Delivery Framework



Core Service: Manage Potable Water

Environmental Services Department

Core Service Purpose

Develop, operate, and maintain the City's municipal potable water system.

Key Operational Services:

- ❑ System Operations
- ❑ System Maintenance
- ❑ Regulatory Compliance
- ❑ Customer Service
- ❑ System Expansion
- ❑ System Improvements

Performance and Resource Overview

The Municipal Water System (Muni Water) continues to deliver high quality service at low cost for San José residents compared to the private water retailers in San José. Wholesale water costs have increased significantly over the last few years and are scheduled to increase again in 2007-2008. Additionally, the same inflationary factors that affect the general economy also affect Muni Water's operating costs and administrative expenses. Higher energy costs, as well as improvements to and replacement of the operational plant, have also increased the costs of providing water service.

Wholesale water costs will continue to increase significantly over the next few years as the Santa Clara Valley Water District and San Francisco Water Department systems continue their infrastructure rehabilitation and water quality improvement projects. As part of the 2007-2008 Adopted Operating Budget, a monthly maximum rate increase averaging $2.69 for a typical residential household, or approximately 7.3% (overall), was approved, to pass through increased wholesale water and other ancillary costs to residents. Even with this increase, Muni Water customers will continue to have retail water rates well below the average in San José and the Bay Area.

Performance results in the Manage Potable Water Core Service continue to be high. The water quality performance measure is estimated to have met the target in 2006-2007. The cost measure comparing the ratio of the average Muni Water residential bill with other San José water retailers (currently 82.5%) reflects Muni Water's lower rates. The millions of gallons of water delivered per year to the Municipal Water System customers is projected to end the year at 8,100 million gallons, which is 11% above the forecast level of 7,300 million gallons. The variance in this number primarily reflects the additional water use of the Metcalf Energy Center, a large industrial customer, since it has completely come on-line.

Core Service: Manage Potable Water

Environmental Services Department

Performance and Resource Overview (Cont'd.)

Manage Potable Water Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
% of water samples meeting or surpassing State and federal water quality standards	99.9%	100.0%	100.0%	100.0%
Ratio of Municipal Water System (MWS) average residential water bill to average residential water bill of other San José water retailers*	82.5%	<100%	82.5%	<100%
% of customer service requests handled within 24 hours	97%	99%	N/A**	N/A**
% of MWS customers rating service as good or excellent, based on reliability, water quality, and responsiveness***	82%	90%	N/A***	90%

Changes to Performance Measures from 2006-2007 Adopted Budget: No

* San José water retailers include: San José Water Company and Great Oaks Water Company

** Data is not available. The Integrated Billing System does not currently enable this type of data tracking. This will be implemented in a later phase of the Integrated Billing System project.

*** Data for this measure comes from the Muni Water Customer Satisfaction Survey. The next survey is scheduled for 2007-2008.

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Millions of gallons of water delivered per year to MWS customers	8,003	7,300	8,100	8,220
Total number of MWS customers	26,982	27,400	N/A*	N/A*

Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget: No

* Data is not available. The Integrated Billing System does not currently enable this type of data tracking. This will be implemented in a later phase of the Integrated Billing System project.

Core Service: Manage Potable Water

Environmental Services Department

Performance and Resource Overview (Cont'd.)

Manage Potable Water Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 2,865,171	$ 3,336,959	$ 3,394,672	$ 3,301,472	(1.1%)
Non-Personal/Equipment	13,916,771	16,142,563	18,461,970	18,461,970	14.4%
Total	**$ 16,781,942**	**$ 19,479,522**	**$ 21,856,642**	**$ 21,763,442**	**11.7%**
Authorized Positions	**33.62**	**33.62**	**33.20**	**32.20**	**(4.2%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE			
1. Integrated Billing System Staffing	**(1.00)**	**(93,200)**	**0**
This action shifts 1.0 Account Technician to the Information Technology Department to support the Integrated Billing System. (Ongoing savings: $93,200)			
Performance Results: No impacts to current performance levels are anticipated.			
2007-2008 Adopted Core Service Changes Total	**(1.00)**	**(93,200)**	**0**

Core Service: Manage Recycled Water

Environmental Services Department

Core Service Purpose

Develop, operate, and maintain a recycled water system that reduces effluent to the Bay and provides a reliable and high quality alternative water supply.

Key Operational Services:

- ❑ System Operations and Maintenance
- ❑ Regulatory Compliance
- ❑ Customer Connection Services
- ❑ Education and Marketing
- ❑ System Expansion and Development

Performance and Resource Overview

The City's investment in South Bay Water Recycling (SBWR) and its expansion is helping the City protect endangered species habitats while providing an alternate supply of high-quality water for a variety of uses. This effort supports the City's economic development goals and the associated growth, while keeping the San José/Santa Clara Water Pollution Control Plant's discharges to South San Francisco Bay within the wastewater discharge flow trigger of 120 million gallons per day (mgd) set by the Regional Water Quality Control Board.

Over 500 SBWR customers are currently using recycled water in a variety of ways including irrigation at parks, schools, golf courses, and businesses; landscape features such as ponds and fountains; water processing for manufacturing and cooling towers; and irrigation of local crops. As more customers are added to the system, the amount of water diverted from discharge into the South San Francisco Bay will continue to increase and approach the system's transmission capacity. The recent addition of a new power plant in Santa Clara and the Metcalf Energy Center have increased recycled water consumption by as much as 5 million gallons a day for the summer months.

Beginning in 2004-2005, SBWR wholesale water rates were indexed to the Santa Clara Valley Water District (SCVWD) rate for untreated water, currently $435 per acre-foot (AF). In 2007-2008 the SCVWD is proposing to increase the untreated water rate by $35 per AF. Consistent with the SBWR wholesale rate ordinance, the wholesale price of recycled water will rise dollar for dollar with the increase approved by the SCVWD.

The first performance measure, "Millions of gallons per day diverted from flow to the Bay for beneficial purposes during the dry weather period" is estimated to end the year above targeted levels due to higher water use by industrial customers and connection of a number of new landscape customers.

Core Service: Manage Recycled Water

Environmental Services Department

Performance and Resource Overview (Cont'd.)

Manage Recycled Water Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
Millions of gallons per day diverted from flow to the Bay for beneficial purposes during the dry weather period*	12.6	13.5	14	15
Millions of gallons of recycled water delivered annually	2,796	3,000	3,100	3,300
% of time recycled water quality standards are met or surpassed	100%	100%	100%	100%
% of wastewater influent recycled for beneficial purposes during the dry weather period*	11%	10%	12%	12%
Cost per million gallons of recycled water delivered	$1,012	$1,100	$1,100	$1,100
% of recycled water customers rating service as good or excellent, based on reliability, water quality, and responsiveness	69%**	75%**	N/A**	75%

Changes to Performance Measures from 2006-2007 Adopted Budget: No

* Dry weather period defined as lowest 3 months continuous average between May and October, which during the fiscal year reporting period is July-September.

** Data for this measure comes from the "Overall Satisfaction" parameter as reported in the 2005-2006 Recycled Water Customer Satisfaction Survey in September 2006. The next scheduled survey will cover the 2007-2008 fiscal year and will be reported in fall 2008.

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Total number of South Bay Water Recycling customers	536	540	560	600

Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget: No

Core Service: Manage Recycled Water

Environmental Services Department

Performance and Resource Overview (Cont'd.)

Manage Recycled Water Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,298,573	$ 1,672,633	$ 1,976,571	$ 1,976,571	18.2%
Non-Personal/Equipment	1,159,199	2,256,621	2,256,621	2,256,621	0.0%
Total	**$ 2,457,772**	**$ 3,929,254**	**$ 4,233,192**	**$ 4,233,192**	**7.7%**
Authorized Positions	**15.03**	**15.03**	**16.63**	**16.63**	**10.6%**

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Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
NONE			

Environmental and Utility Services CSA

Core Service: Manage Recycling and Garbage Services

Environmental Services Department

Core Service Purpose

Collect, process and dispose of solid waste to maximize diversion from landfills and protect public health, safety and the environment.

Key Operational Services:

- ❑ Develop and Administer Programs to Maximize Diversion
- ❑ Provide Customer Service
- ❑ Manage Collection, Processing, and Disposal Contracts

Performance and Resource Overview

The City of San José achieved a State-certified diversion rate of 62% for the State's 2003-2004 Biennial Review period through administration of its residential, commercial, and civic garbage and recycling programs, which is still among the highest diversion rate of any large city in the nation. Due to the City's comprehensive diversion and outreach programs, the overall landfill diversion rate increased from 11% in 1990 to 62% in 2004, compared to the State's mandate of 50%. San José's extensive incentive-based programs make it easier to "Recycle Where You Live, Work and Play". Customer outreach to neighborhoods and businesses, and a high level of customer satisfaction, also contribute to the overall success of these well-designed programs.

The City's preliminary diversion rate for 2005-2006 is 61%, which has been submitted to the California Integrated Waste Management Board (CIWMB) for approval. This rate will not be approved until the Board concludes the 2005-2006 Biennial Review, now estimated to be in late 2008. While the diversion rate has decreased by one percentage point from 2003-2004, this amount is considered a reasonable system fluctuation and does not represent a trend that requires further action. In order to maintain the diversion rate above the State's 50% mandate, additional opportunities for diversion will continue to be explored. One opportunity is the commercial sector, which generates approximately 75% of all San José waste and therefore represents the greatest potential for diversion. As indicated in staff's 2006 report and the City Council's subsequent approval of proposed commercial system improvements scheduled for July 2009, the Environmental Services Department (ESD) has initiated the process for system-wide changes. One of the significant changes approved by the City Council was the creation of an exclusive downtown collection district, which will allow the City to provide many service enhancements and address issues unique to the downtown environment. One of the goals of the system changes is to enhance recycling services to members of the business community who are currently underserved.

The Integrated Waste Management (IWM) Fund supports residential, commercial, and civic solid waste activities, including various contracts for collection, processing, and disposal. New contracts for Recycle Plus garbage, recycling, yard trimmings, and street sweeping services for single-family

services in Districts A and C (areas formerly served by Norcal Waste System, Inc.) were approved by the City Council in November 2006. In order to ensure adequate funding for these new contracts, a rate increase was required.

In May 2007, the City Council approved rate increases of 28% for single family dwelling (SFD) properties and 4% for multiple family dwelling (MFD) properties in 2007-2008. Additionally, property owners were advised of potential SFD and MFD rate increases of up to 10% in 2008-2009 and 2009-2010. Several premium SFD services including the yard trimmings subscription cart and on-premises collection services were approved to increase more than the 28% maximum for general Recycle Plus increases. These increases were necessary to maintain cost recovery and adequate reserve levels.

The Commercial Franchise System is currently being evaluated to identify opportunities for increased effectiveness and efficiency available under a restructured commercial hauling system. One of the goals of the system modification is to enhance cleanliness in the downtown area through a new "Clean and Green" Downtown program. ESD, Department of Transportation (DOT), and the San José Redevelopment Agency (SJRDA) are coordinating with the Downtown Association on development of the Association's implementation of a Property Based Improvement District (PBID) to clarify which services will be consolidated in a single service provider contract system. This program is not scheduled for implementation until 2009-2010, and could be delayed depending on the progress of the PBID development and implementation.

The City's Construction and Demolition Debris Deposit (CDDD) recycling program continues to successfully divert the single largest component of the City's waste stream and maintain its status of national and international renown. The CDDD program is being studied and emulated by local governments across the nation and in Canada.

In January 2007, collection services for City facilities were changed to include several additional recyclable materials and to integrate collection of commingled recyclables and solid waste in one contract. The San José Conservation Corps continues separate collection of beverage containers and other cans and bottles. The new contract with GreenTeam also provides for a pilot program to sort recyclables from solid waste from some City facilities and to compost the residue, this is similar to the successful program to increase diversion from multi-family dwellings. The new system should be fully operational through 2007-2008, allowing the pilot service to be evaluated prior to the 2008-2009 budget cycle.

A variety of additions were approved as part of the 2007-2008 budget process to enhance program efficiencies and service levels in this core service. Funding additions include staffing support to address the repair and maintenance of the Las Plumas Avenue warehouse during the development of plans for site renovation. Staffing support to implement the Civic Public Litter Containers Maintenance Program and support Integrated Waste Management administrative

Performance and Resource Overview (Cont'd.)

functions was also approved at no additional cost to the funds through net zero shifts from existing non-personal/equipment resources. In addition, the City Council approved shifting the Yard Trimmings contractual expenditure from the General Fund to the IWM Fund to provide ongoing savings to the General Fund.

Performance data for several performance measures is not currently available, awaiting the stabilization of the Integrated Billing System. The new system, implemented in July 2006, will provide the technological foundation for more efficient customer service and associated finance operations and the integration of call centers. Once this system is stabilized, data will be available to complete two future performance measures: "% of residential pickups completed as scheduled" and "% of service requests on time per contract requirements".

Manage Recycling and Garbage Services Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
% of solid waste diverted from landfill State Mandate: 50%	61%	61%	61%	61%
% of residential pickups completed as scheduled	N/A*	100%	100%	100%
City's annual per household cost to provide recycling and garbage collection, processing, and disposal (per residential household)	$222	$224	$224	$307
% of service requests on time per contract requirements	N/A*	100%	100%	100%
% of customers rating recycling and garbage services as good or excellent, based on reliability, ease of system use, and lack of disruption				
- Single-Family Dwelling	90%	85%	89%	85%
- Multi-Family Dwelling	79%	75%	76%	75%

Changes to Performance Measures from 2006-2007 Adopted Budget: No

* Data not available for 2005-2006. Data will be available when the new Integrated Billing System is stabilized.

Core Service: Manage Recycling and Garbage Services

Environmental Services Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Total tons of residential solid waste diverted from landfills	238,882	265,000	245,000	250,000
Total tons of residential solid waste landfilled	249,828	260,000	243,000	247,500
Total number of residential households served	294,329	297,500	295,900	298,400

Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget: No

Manage Recycling and Garbage Services Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 4,295,848	$ 5,206,230	$ 3,868,409	$ 4,154,815	(20.2%)
Non-Personal/Equipment	57,441,963	63,746,408	79,558,756	79,515,683	24.7%
Total	**$ 61,737,811**	**$ 68,952,638**	**$ 83,427,165**	**$ 83,670,498**	**21.3%**
Authorized Positions	**47.46**	**51.46**	**31.89**	**35.89**	**(30.3%)**

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Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE			
1. Integrated Waste Management Program Administrative Efficiencies	**2.00**	**(27,194)**	**0**

This action shifts existing non-personal/equipment resources to fund the addition of 2.0 Senior Office Specialists ($151,796) to provide administrative support and efficiencies to the Integrated Waste Management Division. The staff will provide support for administrative activities currently being performed by higher level program staff and activities that cannot be completed due to lack of adequate staffing. (Ongoing savings: $17,938)

Performance Results:
Customer Satisfaction, Quality, Cycle Time Customer service and satisfaction will improve. Tasks such as the processing of Low Income Rate Assistance requests and Construction and Demolition Debris Deposit Program refunds requests will be performed in a more timely manner. Activities and tasks will be completed or maintained more consistently.

2. Community-Based Organizations Funding Reduction		**(24,079)**	**(24,079)**

This action reduces funding for community-based organizations by the same average percentage reduction as approved for non-public safety city service areas. For the Environmental Services Department, this action reflects a 4.7% reduction for the non-profit recyclers (Goodwill, HOPE, and Salvation Army), resulting in total savings of $24,079. The Environmental Services Department will work with these organizations to minimize service delivery impacts. (Ongoing savings: $24,079)

Performance Results:
Quality Service level impacts will be determined by each community-based organization as appropriate.
Cost This funding reduction is consistent with the average percentage reduction for non-public safety city service areas.

3. Las Plumas Site Maintenance	**1.00**	**177,656**	**0**

This action funds the addition of 1.0 Senior Maintenance Worker and associated non-personal/equipment costs ($100,000) for the management and maintenance of the Las Plumas warehouse site during the development of plans for the renovation of the facility. (Ongoing costs: $183,691)

Performance Results:
Cost The continued deterioration of the Las Plumas Avenue warehouse will be mitigated. Substantial capital costs from plumbing, electrical, and mechanical failures that can cause substantial damage to the facility will be avoided.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE (CONT'D.)			
4. Public Litter Cans Maintenance Funding Shift	**1.00**	**0**	**0**

This action funds the addition of 1.0 Senior Maintenance Worker to provide staffing for the implementation of a maintenance program for the 800 public litter cans installed Downtown and throughout the City. A dedicated position is needed to catch up on the most serious deficiencies, oversee tightly focused contracts for cleaning and painting, perform emergency maintenance as required, monitor the collection contract, and serve as a liaison with the Anti-Litter and Anti-Graffiti Programs. The funding for this addition is offset by the elimination of contract funding for the same purpose. (Ongoing costs: $0)

Performance Results:
Quality Regular maintenance of the public litter cans is expected to increase the diversion of bottles and cans from the waste stream. ***Cost*** Regular maintenance of the public litter cans will result in increased lifespace of the units. ***Cycle Time*** Response to complaints will improve to an acceptable level by addressing serious issues by the following business day. ***Customer Service*** The appearance of public litter cans will be improved substantially, especially in the Downtown and other business districts, which should result in reduced complaints.

5. Civic Yard Trimmings Collection Funding Shift		**0**	**(235,200)**

This action shifts the contractual expenses for civic yard trimmings collection ($235,200) from the General Fund to the Integrated Waste Management Fund. (Ongoing savings: $0)

Performance Results:
Cost, Customer Satisfaction This action will reduce expenditures in the General Fund. There will be no adverse effect on performance or service levels from this action.

6. Rebudget: Public Area Recycling Program		**116,950**	**0**

This rebudget of unexpended 2006-2007 funds will allow for the support of the Public Area Recycling Program with dedicated State and County funding. (Ongoing costs: $0)

Performance Results: N/A (Final Budget Modification)

2007-2008 Adopted Core Service Changes Total	**4.00**	**243,333**	**(259,279)**

Core Service: Manage Urban Runoff Quality

Environmental Services Department

Core Service Purpose

Promote the health of the South Bay watershed through regulatory programs that prevent pollution from entering the storm sewer system and waterways.

Key Operational Services:

- Illegal Discharge Response Program (ICID)
- Industrial Inspection Program (IND)
- Water Quality Monitoring Program
- Inter-Departmental Technical Support
- Inter-Agency Collaboration
- Education and Outreach

Performance and Resource Overview

Much of this core service's current activities are governed by the City's National Pollutant Discharge Elimination System (NPDES) permit for separate municipal storm sewer systems. Extensive efforts are underway in several other City departments, including Public Works, Transportation, General Services, and Planning, Building and Code Enforcement, which also contribute to the City's success in managing urban runoff quality.

The current five-year NPDES Stormwater permit was approved in February 2001, but strict requirements ("C.3" provisions) for new development and redevelopment were added in October 2001 and amended again in July 2005. Performance results in the Manage Urban Runoff Quality Core Service are all below target levels. For example, the "% of Urban Runoff Management Plan tasks completed by target date" performance measure has a 2006-2007 target of 100%; however it is projected to be at 95% by year-end. As a result, additional resources were approved to improve performance to target levels due to new requirements for construction inspections that will ensure that pollutants from construction sites are minimized in order to protect local creeks and the Bay, and the increased demand of implementing the current stormwater permit requirements related to commercial and industrial inspection activities. Additionally, these resources will support new development project review, provide technical assistance, and coordinate with local and regional agencies on the development of best management practices and implementation guidelines and tools. Along with the Departments of Public Works and Planning, Building and Code Enforcement, the Environmental Services Department is working to address these additional requirements and will continue to augment or develop the steps needed to expand implementation as required by the permit.

Maintaining the City's compliance record is particularly important at this time, as the City prepares to implement a new stormwater permit. The CSA is currently negotiating the NPDES permit with the Regional Water Quality Control Board and the new permit is expected to be a regional permit that will become effective in 2007-2008. Several emerging issues will affect the provisions, including

Performance and Resource Overview (Cont'd.)

pressure from the environmental community for various water quality limits on stormwater discharges and specific load restrictions for particular pollutants such as mercury, pesticides, and trash. The additional resources mentioned earlier and in this document will ensure continued compliance and implementation of the forthcoming permit; and expand the capacity of the City's construction inspection, and commercial and industrial inspection programs in preparation for these increased regulatory requirements.

In this Adopted Budget, a rate increase in the Storm Sewer Service Charge of 9% was approved. This increase will raise the annual single-family residential rate for the Storm Sewer fee by $4.50, from $49.92 to $54.42. This funding will enable the City to meet the performance standards set by the permit, maintain the storm sewer infrastructure, support the health of the South Bay Watershed, and fund storm pump station rehabilitation and replacement projects included in the 2008-2012 Capital Improvement Program.

Manage Urban Runoff Quality Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
Cost per residential unit	$47.88	$50.04	$49.92	$54.36
% of Urban Runoff Management Plan tasks completed by target date*	99%	100%	95%	100%
% of residents surveyed who understand that any substances washed down the street end up in the Bay without treatment through the storm sewer system	43%	50%**	43%	50%

Changes to Performance Measures from 2006-2007 Adopted Budget: No

* Compliance plan for NPDES Stormwater permit

** Survey conducted Fall 2003. Next survey is scheduled for 2007-2008.

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Stormwater NPDES permit work plan tasks completed by target date	227	230	235	250

Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget: No

Core Service: Manage Urban Runoff Quality

Environmental Services Department

Performance and Resource Overview (Cont'd.)

Manage Urban Runoff Quality Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 2,510,031	$ 2,783,998	$ 2,900,669	$ 3,160,745	13.5%
Non-Personal/Equipment	1,937,893	3,024,280	2,690,527	3,011,727	(0.4%)
Total	**$ 4,447,924**	**$ 5,808,278**	**$ 5,591,196**	**$ 6,172,472**	**6.3%**
Authorized Positions	**24.43**	**25.43**	**25.69**	**28.69**	**12.8%**

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Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
HEALTHY STREAMS, RIVERS, MARSH AND BAY			
1. Watershed Enforcement Staffing	**2.00**	**237,384**	**0**

This action funds 2.0 additional Environmental Inspector positions and consultant costs to address the increased demands of implementing current stormwater permit requirements related to commercial and industrial inspection activities. These resources are necessary to comply with regulations under the new stormwater permit that will become effective in 2007-2008. (Ongoing costs: $266,088)

Performance Results:
Quality Ensures that the City maintains performance levels in implementing Urban Runoff Management Plan activities in compliance with the NPDES permit and improves the quality of stormwater runoff based on new C.3 requirements. ***Cost*** Increased cost per resident due to additional resources required to meet permit requirements.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
HEALTHY STREAMS, RIVERS, MARSH AND BAY (CONT'D.)			
2. 2008-2009 Storm Sewer Rate Increase Noticing and Outreach		**200,000**	**0**

This action funds the costs of noticing and outreach efforts to San José property owners regarding the anticipated storm sewer rate increases scheduled for 2008-2009. As described earlier, the continuation of rate increases are needed to meet performance standards, set by the permit, and ensure adequate funding for projects that preserve the quality of stormwater runoff. On April 17, 2007, the City Council approved a three year noticing plan for the Storm Sewer rate. This action means that some, if not all, of these costs, originally presumed on the assumption that only a one year plan would be approved this year, may not be needed. As a result, an action reallocating these funds will likely be brought forward later in the process. (Ongoing costs: 0)

Performance Results:
No impacts to current performance levels are anticipated.

3. Construction Site Inspector Staffing	**1.00**	**118,692**	**0**

This action funds an additional Environmental Inspector position to address the increased demands of implementing new and expanded stormwater permit requirements for the City's Construction Inspection Program. (Ongoing costs: 95,544)

Performance Results:
Quality Ensures that the City maintains performance levels in implementing Urban Runoff Management Plan activities in compliance with the NPDES permit and improves the quality of stormwater runoff based on new C.3 requirements. ***Cost*** Increased cost per resident due to additional resources required to meet permit requirements.

4. Rebudget: Watershed Outreach Program		**25,200**	**0**

This rebudget of unexpended 2006-2007 funds will allow for the support of the Watershed Outreach Program. (Ongoing costs: $0)

Performance Results: N/A (Final Budget Modification)

2007-2008 Adopted Core Service Changes Total	**3.00**	**581,276**	**0**

Environmental and Utility Services CSA

Core Service: Manage Wastewater

Environmental Services Department

Core Service Purpose

Manage wastewater for suitable discharge into the South San Francisco Bay and for beneficial reuse to protect the environment and public health.

Key Operational Services:

- Source Management and Control
- Operation of Treatment System and Processes
- Maintain Equipment and Facilities
- Regulatory Compliance
- Regulatory Development and Technical Guidance
- Process Control Monitoring
- System Improvements

Performance and Resource Overview

For the past several years, the performance issue of greatest concern for this core service has been the performance measure of "Cost per million gallons treated." Although the significant decline in influent over the past several years is a large factor towards the rising measure, the increasing maintenance costs associated with the aging infrastructure at the treatment plant is also of concern. With the significant deferral of major capital rehabilitation projects for the past several years, the cycle of increasing resources dedicated to failing equipment; coupled with the decrease in resources dedicated to preventative maintenance, has highlighted the need for both increased capital spending and resources dedicated to infrastructure management. Without such changes, the maintenance costs associated with repairing obsolete equipment through overtime, parts, and supplies will continue to increase if more capital maintenance projects are deferred. In addition, the risk of treatment process failures increase as mechanical and electrical systems age and become less reliable and prone to failure.

In response to this trend, two new programs were approved for 2007-2008. The first is the development of an asset management program in order to develop a comprehensive data-driven strategy to address long-term capital needs within the San José/Santa Clara Water Pollution Control Plant (Plant). The second is the enhancement of a preventive maintenance team that can develop a systematic approach, with dedicated personnel, to ensure a more thorough and timely maintenance cycle for all major assets. Both programs are intended to deliver long-term savings, as in other similar industrial facilities, by committing resources to extending the useful life of assets and planning and coordinating the rehabilitation and replacement of those assets in the most cost-effective manner possible.

For the remainder of the measures in this core service, the Department is projected to meet or exceed its performance targets in 2006-2007. The performance measure "Million gallons per day discharged to the Bay during average dry weather season" is well below targeted levels due to both increased recycled water consumption and the long-term downturn in the economy.

Performance and Resource Overview (Cont'd.)

2005-2006 marked the second year in which dry-weather influent was higher than the previous year. This is likely the result of an economy that has been turning around and reversing the downward trend in plant inflows for the years immediately following the local recession, which began in 2000-2001. This will place a greater emphasis and importance on the efforts aimed at expanding the recycled water consumer base. This increase is minimal enough that projections for 2006-2007 and 2007-2008 are expected to continue to meet the Regional Water Quality Control Board's permit requirements and flow trigger of 120 million gallons per day (mgd). If average discharges from the San José/Santa Clara Water Pollution Control Plant exceed this level during the May through October dry-weather season; however, the Board could order a number of more stringent measures, such as a building moratorium, that could threaten the area's long-term economic growth.

Manage Wastewater Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
Millions of gallons per day discharged to the Bay during average dry weather season State order: 120 mgd or less*	100	105	102	105
% of time pollutant discharge requirements are met or surpassed	100%	100%	100%	100%
% of suspended solids removed	99%	99%	99%	99%
% of scheduled industrial inspections completed on time	94%	90%	95%	95%
Cost per million gallons treated	$794	$885	$890	$955
% of customers (permitted dischargers) satisfied or very satisfied with service, based on reliability and pre-treatment services	95%	90%	N/A**	90%

Changes to Performance Measures from 2006-2007 Adopted Budget: No

* Average dry weather season is defined as the lowest three month continuous average between May and October.
** No survey was conducted on 2006-2007.

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
Average millions of gallons per day treated	121	119	118	120
Total population in service area	1,356,300	1,346,966	1,357,600	1,362,205
Total pounds of suspended solids removed (in millions)	110	105	112	115

Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget: No

Performance and Resource Overview (Cont'd.)

Manage Wastewater Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 24,483,614	$ 27,742,837	$ 29,919,335	$ 32,189,477	16.0%
Non-Personal/Equipment	26,027,229	25,468,393	26,589,018	27,738,277	8.9%
Total	**$ 50,510,843**	**$ 53,211,230**	**$ 56,508,353**	**$ 59,927,754**	**12.6%**
Authorized Positions	**260.50**	**271.50**	**276.23**	**298.23**	**9.8%**

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Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE			
1. Vehicle Maintenance Staffing		**(4,000)**	**0**

This action generates city-wide vehicle maintenance and operations cost savings totaling $69,154 ($55,323 in the General Fund), resulting from an approved elimination of a vacant Equipment Mechanic Assistant position (vacant since June 2004) in the General Services Department. The cost savings in the Environmental Services Department, Manage Wastewater Core Service is $4,000. No impacts to current service levels are anticipated with this reduction because of a decreased fleet size and the end, in 2006-2007, of the multi-year freeze on general fleet replacements, which has resulted in the average age of the fleet decreasing. Vehicle replacements, however, are still subject to an exemption process managed by both the General Services Department and the City Manager's Office. (Ongoing savings: $4,000)

Performance Results:
No impacts to current performance levels are anticipated as a result of this action.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE (CONT'D.)			
2. Plant Infrastructure Management Program	**5.00**	**792,849**	**0**

This action funds the addition of seven positions: 1.0 Financial Analyst, 1.0 Information System Analyst, 1.0 Program Manager, 1.0 Division Manager, 2.0 Senior Engineer, 1.0 Associate Engineering Technician. The costs of these new positions will be partially offset by the deletion of a vacant Maintenance Service Engineer and a vacant Sanitary Engineer to begin an ongoing maintenance of an Asset Management program at the Plant. Asset Management is the combination of financial, economic, engineering, and management practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner. It is a data driven program that tracks asset life cycle cost and condition to help managers make better decisions on how to expend limited resources. (Ongoing costs: $732,304)

Performance Results:
Cost Reduces labor hour costs per work order by efficiently and effectively addressing current and future capital maintenance, rehabilitation, and improvement projects.

3. Plant Preventive Maintenance Program	**5.00**	**660,518**	**0**

This action funds the addition of 1.0 Electrician, 1.0 Instrument Control Technician, and 3.0 Plant Mechanic for a five-year, aggressive, preventive maintenance program to supplement the current maintenance program at the Plant. One of the most essential maintenance elements of an industrial facility, such as the Plant, is the existence of a comprehensive preventive maintenance program. The primary goal of such a program is the reduction of breakdown/emergency repairs, increased planned maintenance work, reduced downtime costs, and the elimination of root causes of problems, all of which help create a more efficient facility that can better achieve high-quality wastewater effluent. (Ongoing costs: $585,901)

Performance Results:
Cost Reduces labor hour costs per work order by efficiently and effectively addressing current and future capital maintenance, rehabilitation, and improvement projects.

4. Plant As-Built Drawing Program	**5.00**	**557,889**	**0**

This action funds the addition of 1.0 Electrician, 1.0 Senior Engineering Technician, 1.0 Instrument Control Technician, 1.0 Senior Engineer, and 1.0 Associate Engineer to update and maintain over 6,000 drawings that represent the as-built conditions at the Plant. This program will allow for a creation of a master set of record drawings for the Plant and an ongoing as-built drawing program to provide an organized and sustainable system for use with the master set of Plant drawings. (Ongoing costs: $563,031)

Performance Results:
Cost Reduces labor hour costs per work order by efficiently and effectively addressing current and future capital maintenance, rehabilitation, and improvement projects.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE (CONT'D.)			
5. Plant Expansion and Reliability Improvements	**3.00**	**461,006**	**0**

This action funds the addition of 1.0 Electrician, 1.0 Senior Plant Operator, and 1.0 Instrument Control Technician to support the various expansions and reliability improvement projects that have been implemented over the past decade. The additional staffing will provide necessary support to operate and maintain the additional assets acquired or built, such as the Recycled Water Pumping Stations, Pond A-18, and the New Parallel Headworks. (Ongoing costs: $379,174)

Performance Results:
Cost Reduces labor hour costs per work order by efficiently and effectively addressing current and future capital maintenance, rehabilitation, and improvement projects.

6. Plant Industrial Safety Program	**1.00**	**153,511**	**0**

This action provides funding for the addition of 1.0 Industrial Safety Engineer (Associate Engineer) to establish, manage, and oversee an enhanced safety program at the Plant. This position is an enhancement of the Department's current safety personnel in that this position is assigned directly to the Plant's maintenance section to work on a daily basis within the trades groups in order to develop policies and practices that ensure the Plant's full compliance with Cal-OSHA standards. (Ongoing costs: $148,823)

Performance Results:
Quality Ensure the Treatment Plant's full compliance with Cal-OSHA standards.

7. Plant Master Plan Outreach		**100,000**	**0**

This action funds the cost of outreach efforts associated with the Plant Master Planning effort and continue the funding into the near future to provide the public with an understanding of Plant operations and benefits. This includes meeting the public's request for tours of the Plant; providing video and printed material to the public for better understanding of how the sewage is treated to protect the environment, local economy and public health; and also building community understanding and support for necessary infrastructure improvements. (Ongoing costs: $0)

Performance Results:
Quality This action will facilitate the public's understanding and acceptance of the Treatment Plant, and build community understanding and support for necessary infrastructure improvements.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE (CONT'D.)			
8. Diesel Retrofit Mandate Compliance		**75,000**	**0**

This action provides funding for the Fleet Management Division of the General Services Department to retrofit three trucks in the Environmental Services Department fleet in order to reduce emissions. his funding is necessary as a result of recent State legislation requiring that public agencies and utility companies retrofit their entire fleet of on-road, heavy-duty, diesel fueled vehicles by the end of 2011. This funding, along with funding in the Airport Department for three of their vehicles, will bring 20% of the City's fleet into compliance in 2007-2008. (Ongoing costs: $0)

Performance Results:
Quality This action will reduce emissions produced by the City's on-road, heavy-duty, diesel fleet, thus producing less pollution.

9. Plant HVAC Management Program	**1.00**	**56,321**	**0**

This action provides funding for the addition of 1.0 Air Conditioning Mechanic position at the Plant to provide support to the Environmental Services Building (ESB). The Plant's current maintenance staff does not have enough HVAC staff to adequately service the building. The ESB has complex HVAC due to the large and complex laboratory that requires significant venting and air handling. The ongoing costs will be partly offset by the elimination of a maintenance contract. (Ongoing costs: $39,631)

Performance Results:
No impacts to current performance levels are anticipated as a result of this action.

10. Infrastructure Mapping Equipment		**50,000**	**0**

This action funds the purchase of an off-road capable vehicle with amber warning lights and signals to assist with ongoing infrastructure mapping associated with the Plant, South Bay Water Recycling Program, and Municipal Water System. (Ongoing costs: $0)

Performance Results:
Cost Reduces labor hour costs per work order by efficiently and effectively addressing current and future capital maintenance, rehabilitation, and improvement projects.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
HEALTHY STREAMS, RIVERS, MARSH AND BAY			
11. Plant Lab Staffing	**2.00**	**187,565**	**0**

This action funds 1.0 Laboratory Technician and 1.0 Chemist to address increased workloads for Laboratory support from the Plant and Watershed Protection unit. The Chemist will be dedicated to quality assurance/quality control responsibilities and be available for sample receiving or bench scale pilot studies when requested. The Lab Technician will be utilized to help bring in-house the 608 (Pesticides and Polychlorinated Biphenyls) and 625 (semi-volatiles) analyses currently being sent out to contract labs. (Ongoing costs: $189,588)

Performance Results:
Quality Ensures that the City is in compliance with the NPDES permit and improves the quality of runoff based on new C.3 requirements.

12. Pretreatment Program Staffing		**86,692**	**0**

This action funds one temporary staff position for one year to ensure adequate staffing to implement routine program activities and maintain customer compliance while also implementing an aggressive staff training program required to meet the response to the 2005 EPA Administrative Order. (Ongoing costs: $0)

Performance Results:
Quality Ensures that the City is in compliance with the NPDES permit and improves the quality of runoff based on new C.3 requirements and to meet the response to the 2005 EPA Administrative Order.

13. Pollution Prevention Program Expansion		**75,000**	**0**

This action funds consultant costs for a pilot pollution prevention program including outreach and education to residents, business, and industry. This program will work with identifiable and controllable source of mercury discharge such as dental offices and work to reduce the amount of discharge. This program expansion addresses upcoming regulations tied to the Regional Water Quality Control Board's San Francisco Bay Total Maximum Daily Load determinations for specific pollutants. (Ongoing costs: $75,000)

Performance Results:
Quality Ensures that the City is in compliance with the NPDES permit and improves the quality of runoff based on new C.3 requirements and to meet the response to the 2005 EPA Administrative Order.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
HEALTHY STREAMS, RIVERS, MARSH AND BAY (CONT'D.)			
14. Rebudget – WET Rebate Program		**90,000**	**0**
This rebudget of unexpended 2006-2007 funds will allow for the completion of the Water Efficient Technology (WET) Rebate Program. (Ongoing costs: $0)			
Performance Results: N/A (Final Budget Modification)			
15. Rebudget – Watershed Outreach Program		**77,050**	**0**
This rebudget of unexpended 2006-2007 funds will allow for the completion of the Watershed Outreach Program. (Ongoing costs: $0)			
Performance Results: N/A (Final Budget Modification)			
2007-2008 Adopted Core Service Changes Total	**22.00**	**3,419,401**	**0**

Environmental and Utility Services CSA

Core Service: Protect Natural and Energy Resources

Environmental Services Department

Core Service Purpose

Promote enhanced air quality, environmentally responsible land use, and conservation of water and energy resources.

Key Operational Services:

- Manage Green Building Program
- Implement Sustainable Energy Practices
- Promote Improved Air Quality
- Development Review and Land Use Policy Implementation
- Protect and Monitor Groundwater Quality
- NPDES Permits Development
- Habitat Protection
- Urban Environmental Accords
- Environmentally Preferable Procurement Policy
- Water Conservation

Performance and Resource Overview

This core service focuses on the City's contributions to protecting and conserving air, land, water, and energy. In its other five core services, the Environmental Services Department accomplishes its mission and practices environmental leadership through the services it provides. In this core service, other than water conservation activities, direct services are more limited and the focus is on practicing leadership through policy development, education, influence, and coordination.

Urban Environmental Accords

In November 2005, the City became a signatory to the Urban Environmental Accords, which were generated at the 2005 United Nations Environment Day. Consisting of 21 Actions in seven different areas such as water and energy conservation and waste reduction, the Accords offer a framework for the City to track and reduce its environmental impacts and improve the quality of life for its residents. Staff is currently evaluating the Actions to determine which ones can be achieved and is developing an implementation workplan.

Environmentally Preferable Procurement Policy

In February 2007, the Transportation and Environment Committee approved a revised Environmentally Preferable Procurement Policy and staff report on progress made in its implementation. In addition to its support of buying products with recycled content, the new policy includes language in support of the Urban Environmental Accords such as providing locally grown organic food in city facilities and addressing vehicle emissions for fleet purchases, as well as for the

Performance and Resource Overview (Cont'd.)

Environmentally Preferable Procurement Policy (Cont'd.)

City's Green Building Policy by ensuring that all new City funded buildings and major renovations utilize materials and building systems that will help facilitate future in Leadership in Energy and Environmental Design (LEED) certification.

Sustainable (Green) Building

In March 2007, the City Council unanimously voted to adopt a revised Green Building Policy that requires certain new municipal buildings would achieve US Green Building Council (USGBC) LEED Silver level certification at a minimum, with a goal of reaching LEED Gold or Platinum certification. As one of the five largest U.S. cities that have adopted the LEED Silver standard, San José's newly adopted Green Building Policy places it in the forefront of cities striving toward sustainability. City projects currently underway and targeted to achieve LEED Silver certification include the South San José Police Substation and potentially the Roosevelt Community Center. Further analysis and funding recommendation for other projects that were underway when the new Green Building Policy revisions were brought forward separately from this document as Manager's Budget Addendum #9.

In addition, included in the revised Policy was direction that staff begin to assess existing city facilities, including a pilot project that would apply the LEED Existing Building rating system, and establish a work plan for outreach to the private sector including exploring incentives and providing education on the use of additional LEED or other high-performance building guidelines such as those for retail stores, schools, homes, and commercial interiors, and specifically include developments supported by the Redevelopment Agency and Housing funds. Additional staff resources were approved in this document (1.0 Environmental Services Specialist and 1.0 Planner II) to implement the changes recommended in the revised Green Building Policy.

Energy Efficiency

Energy supply, reliability, and costs continue to be a concern. As part of the Sustainable Energy Policy, San José is increasing its efforts to pursue energy efficiency in City operations. In particular, as part of Mayor and Council direction, the potential use of renewable or solar energy on City facilities will be assessed and explored.

The City is continuing its partnership with PG&E and the California Public Utilities Commission through the Silicon Valley Energy Watch Program (SVEW). The 2007-2008 SVEW Program will provide targeted energy education and outreach services within the South Bay/Silicon Valley. Through this new agreement, the City will develop outreach to increase energy efficiency program participation, based on the unique needs of the South Bay/Silicon Valley. Acting as a Regional Coordinator for PG&E Portfolio Programs, the City will work closely with PG&E, local government partnerships, and third party energy efficiency providers to augment the success of

Performance and Resource Overview (Cont'd.)

Energy Efficiency (Cont'd.)

regional programs through enhanced coordination. This will reduce customer confusion and lost opportunities, while increasing program permeation in customer markets.

Water Conservation

The Water Efficiency Program (WEP) is maintaining modest flow reduction efforts. Flows to the Plant remain appreciably below the trigger of 120 mgd. As the effluent flow remains below the trigger level, WEP staffing will continue at the reduced level approved in the 2006-2007 Adopted Operating Budget.

The cost sharing with the Santa Clara Valley Water District (SCVWD) on indoor water conservation programs continues to leverage funds and achieve increased water conservation with fewer dollars. The City is increasing its contribution to District programs over the next year.

WEP also continues to serve the residential sector through administration of the Neighborhood Preservation Water Conservation Program. Funded by the SCVWD through the cost sharing agreement, financial assistance is provided to low-income San José residents identified under the City's Neighborhood Preservation Ordinance who upgrade their landscapes using water conserving landscape materials and plants. WEP also provides water conservation information to residents as well as high efficiency toilet and washer rebates through a cost sharing agreement with SCVWD.

Support for San José Businesses

In 2007-2008, staff will continue to lead and support Environmental Service's efforts to work more effectively with the business community. ESD's Business Environmental Support Team (BEST) serves the business sector through collaborative efforts offering information and incentives that support San José businesses in becoming more resource-efficient while improving the environment. In addition to Water Efficient Technology (WET) rebates, BEST collaborates with the County Green Business Program, local business associations, and the Santa Clara Valley Water District's Water Efficiency Program to provide San José businesses with more comprehensive input regarding environmental management practices that benefit businesses and the environment.

The performance measure "% of annual goal achieved for gallons of water conserved tributary area-wide" and the Activity and Workload Highlight "Millions of gallons per day conserved (tributary area-wide)" are estimated to end the year above the target levels.

Performance and Resource Overview (Cont'd.)

Protect Natural and Energy Resources Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
(Energy) % of energy conserved in City facilities	15%	16%	20%	22%
(Energy) % of new City facilities incorporating the Green Building Guidelines implementation goal as adopted by Council (LEED certification)	100%	100%	100%	100%
(Air) % of City vehicles using alternative fuels or Ultra-Low Emission Vehicles	11%	11%	34%	36%
(Water) % of annual goal for gallons of water conserved tributary area-wide	108%	100%	107%	100%
(Land) % of Notice of Violations resolved to the satisfaction of the regional body	100%*	100%	100%	100%
(Water) Net cost per gallon per day of water conserved through City programs**	$1.93	$2.00	$2.05	$2.10
(Water) % of residents demonstrating water conservation knowledge	N/A***	30%	29%	30%

Changes to Performance Measures from 2006-2007 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2006-2007 Adopted Budget:
- ✕ (Land) % of City-owned closed landfill" measures to be deleted as no further progress is expected to be made.
- ↺ The Water Cost measure was revised to provide more meaningful and understandable information to residents.

* No notices were issued in 2005-2006.

** Cost after Santa Clara Valley Water District cost-sharing.

*** Data for this measure will come from the biennial Water Focus Survey, Measure was added after the previous survey was conducted so it was not possible to get data for 2005-2006.

Core Service: Protect Natural and Energy Resources

Environmental Services Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Millions of gallons per day conserved (tributary area-wide)	0.122	0.150	0.161	0.150
Cumulative millions of gallons per day conserved since July 1992 (tributary area-wide)	7.312	7.432	7.473	7.623
Number of UN Accords Implemented (of 21 total)	NEW	NEW	NEW	3

Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget: Yes[1]

[1] Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget:
+ "Number of UN Accords Implemented" measure was added as the City signed on to the UN Accords with a goal to implement 16 actions by 2012.

Protect Natural and Energy Resources Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 529,281	$ 804,286	$ 516,208	$ 786,661	(2.2%)
Non-Personal/Equipment	468,173	1,887,664	1,887,065	2,152,679	14.0%
Total	**$ 997,454**	**$ 2,691,950**	**$ 2,403,273**	**$ 2,939,340**	**9.2%**
Authorized Positions	**6.46**	**6.46**	**3.86**	**5.86**	**(9.3%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
"CLEAN AND SUSTAINABLE" AIR, LAND AND ENERGY			
1. Green Building Policy Implementation	**1.00**	**200,695**	**8,859**

This action adds 1.0 Environmental Services Specialist plus supplies, training, workstations, and overhead for Green Building—LEED for Existing Buildings Program Implementation; funding is also approved for Public Works to help ensure all new construction meet USGBC LEED Silver certification. Elsewhere in this document, funding is included for a Planner II in the Planning, Building and Code Enforcement Department to provide permit process and plan review coordination services related to green building for the private sector. On November 21, 2006, the City Council approved the policy and direction to begin a workplan for existing buildings, ensuring green measures are identified and incorporated into existing city facilities and developing incentives and technical assistance to the private sector related to green buildings. (Ongoing cost: $289,323)

Performance Results:
Cost Ongoing reduction in energy costs (40%), indoor water use (30%), and landscaping water use (50%). ***Quality*** Reduction of greenhouse gas emissions, reduced energy costs, and increased waste diversion will enable the City to meet at least 3 of the 21 UN Environmental Accords.

2. Energy Efficiency Program	**1.00**	**0**	**0**

This action adds 1.0 Associate Environmental Services Specialist plus supplies, training, workstations, and overhead for a two-year pilot program on energy efficiency audits, installations, and solar installation analysis for City facilities. In addition to these energy efficiency projects, a pilot project will be conducted by the Department of Transportation (DOT) to retrofit 50 high pressure sodium fixtures with more energy efficient LED fixtures in a non-observatory restricted area such as the Downtown. There is a net-zero impact to the General Fund during this period as a $300,000 energy rebate check received by DOT and deposited in the General Fund will be used to fund this program for two years, with future rebate checks extending this program indefinitely. Funding for this program appears in the City-Wide Expenses section of this document. (Ongoing cost: $0)

Performance Results:
Cost Ongoing utility bill reductions for City facilities could reach $750,000 annually over several years time. ***Quality*** Reduction of greenhouse gas emissions and increased use of renewable energy systems will enable the City to meet at least 3 of the 21 UN Environmental Accords.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
"CLEAN AND SUSTAINABLE" AIR, LAND AND ENERGY (CONT'D.)			
3. Rebudget – Energy Watch Grant		**298,685**	**298,685**
This rebudget of unexpended 2006-2007 funds will allow for the support of the Energy Watch Program with dedicated PG&E grant funding. (Ongoing costs: $0)			
Performance Results: N/A (Final Budget Modification)			
4. Rebudget – Silicon Valley Energy Program Grant		**36,687**	**36,687**
This rebudget of unexpended 2006-2007 funds will allow for the completion of the Silicon Valley Energy Program with dedicated grant funding. (Ongoing costs: $0)			
Performance Results: N/A (Final Budget Modification)			
2007-2008 Adopted Core Service Changes Total	**2.00**	**536,067**	**344,231**

Core Service: Sanitary Sewer Maintenance

Transportation Department

Core Service Purpose

To provide timely and effective cleaning and repair of the sanitary sewer collection system to ensure uninterrupted sewage flow to the Water Pollution Control Plant.

Key Operational Service:

- Maintain Sanitary Sewer System

Performance and Resource Overview

The Sanitary Sewer Maintenance Core Service's primary goal is to ensure proper sanitary sewage flow while minimizing blockages and other system malfunctions that may have significant health or property damage impacts. The core service includes all maintenance and operational activities necessary to sustain the 2,200-mile collection system. This core service contributes primarily to the Environmental and Utility Services CSA Outcome: *Reliable Utility Infrastructure.*

Sanitary Sewer Maintenance has consistently performed well over the years, and 2006-2007 was no exception. The percentage of sewer line segments that do not become obstructed each year remains high, with 98% estimated to have remained clear. The estimated number of sanitary sewer main line blockages is 800, and the maintenance staff's ability to resolve system obstructions within four hours is estimated at 87%. Approximately 500 miles of sewer lines will be proactively cleaned by year-end, including areas with historical blockage problems. Also, to assist in further reducing the number of blockages and backups, staff is proactively working with the community to inform them of self-prevention methods. Sanitary Sewer Maintenance performance in 2007-2008 is expected to remain consistent with past performance levels.

The purchase of four new vactor trucks will allow staff to be more efficient in cleaning sewer lines and responding to sewer blockages and overflows. A vactor truck requires only two workers to fully perform these activities compared to three or more workers with the existing equipment. These new vactor trucks will also enable maintenance personnel to proactively clean more of the City's sewer lines and more quickly respond to and mitigate sewer blockages and overflows. Ultimately, this will result in fewer sewer blockages and overflows, improving the reliability of the sewer system and reducing the potential for costly fines and claims.

In 2006-2007, an estimated 45% of all in-house repairs, which include sanitary sewer main spot repairs, lateral repairs, and cleanout installations, were completed within established time guidelines. This is below the targeted 50% due to a number of vacant positions frozen as part of the city-wide hiring freeze and a significant backlog of class B repairs. Class B repairs, such as those that address sags in a sewer line or cracks along the top of the line that allow for rain water infiltration, are considered necessary repairs but are not urgent because the sewer line or lateral is still functioning at

Performance and Resource Overview (Cont'd.)

full capacity. Staff believes the backlog can be reduced in 2007-2008, allowing 50% of repairs to be completed within guidelines.

In addition to performing sewer line cleaning and repairs, the sanitary sewer maintenance staff performs other activities to sustain a functioning system. System performance and deficiencies are monitored through video inspection and other methods. Engineering staff investigates chronic blockages and unacceptable sewer odors, and takes swift action to resolve or mitigate problems. Such measures include chemical injection, sealing off the emission holes (forcing foul air to flow through bio-filters for treatment), and using ferrous chloride to reduce odor-causing sulfides. Caustic soda is also used during the hot summer months to prevent odors. Thirteen pump stations, two soil-bed bio-filters, and one chemical injection station are also used to improve the flow of sewage within the sanitary sewer system. Major repairs or rehabilitation are referred to the capital program managed by the Public Works Department, an Environmental and Utility Services CSA partner. In recognition of the City Council's attention to neighborhood services, additional emphasis is being given to the study, design, and implementation of neighborhood sanitary sewer rehabilitation projects over the next five years to improve the reliability of the system.

Overall, the sanitary sewer maintenance program receives very high customer service ratings. 97% of customers rated sewer maintenance services good or better in 2006-2007, and customer satisfaction is anticipated to remain at or above 95% in 2007-2008.

Finally, in 2007-2008, staff will continue working in conjunction with the California Regional Water Quality Control Board to develop a comprehensive Sewer System Management Plan (SSMP). The management plan will take advantage of regionally developed best practices, streamline reporting processes, and update policy and procedures for maintenance and operations, inspection, and capital improvements to improve the City's overall performance. This effort should result in fewer blockages and sanitary sewer overflows. The City is well ahead of schedule to complete the SSMP by the August 2008 deadline.

Core Service: Sanitary Sewer Maintenance

Transportation Department

Performance and Resource Overview (Cont'd.)

Sanitary Sewer Maintenance Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
% of sewer line segments without obstruction	98%	97%	98%	98%
Sanitary Sewer cost to budget ratio	0.91	1.00	0.87	1.00
% of blockages cleared within 4 hours of notification	87%	90%	87%	90%
% of in-house repairs completed within established time guidelines: (Class A – 20 days: usage available, but less than full capacity Class B – 35 days; usage available, and at full capacity)	45%	50%	45%	50%
% of customers rating services good or better based upon timeliness and effectiveness (rating of 4 or greater on a 1 – 5 scale)	97%	95%	97%	95%

Changes to Performance Measures from 2006-2007 Adopted Budget: No

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Miles/number of sewer line segments	2,195/47,735	2,200/48,000	2,200/48,000	2,200/48,000
Miles of sanitary sewer lines cleaned	508	500	500	500
Number of sanitary sewer main line stoppages cleared	796	1,000	800	800
Miles of sanitary sewer lines inspected by video	45	40	48	45

Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget: No

Performance and Resource Overview (Cont'd.)

Sanitary Sewer Maintenance Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 6,066,655	$ 7,734,588	$ 8,007,516	$ 8,007,516	3.5%
Non-Personal/Equipment	2,254,746	2,391,689	2,567,689	3,564,689	49.0%
Total	**$ 8,321,401**	**$ 10,126,277**	**$ 10,575,205**	**$ 11,572,205**	**14.3%**
Authorized Positions	**89.85**	**89.85**	**89.85**	**89.85**	**0.0%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE			
1. Vehicle Maintenance Staffing		**(3,000)**	**0**

This action generates city-wide vehicle maintenance and operations cost savings totaling $69,154 ($55,323 in the General Fund), resulting from the elimination of a vacant Equipment Mechanic Assistant position (vacant since June 2004) in the General Services Department. The cost savings in the Department of Transportation, Sanitary Sewer Maintenance Core Service is $3,000. No impacts to current service levels are anticipated with this reduction because of a decreased fleet size and the end, in 2006-2007, of the multi-year freeze on general fleet replacements which has resulted in the average age of the fleet decreasing. Vehicle replacements, however, are still subject to an exemption process managed by both the General Service Department and the City Manager's Office. (Ongoing savings: $3,000)

Performance Results:
No impacts to current performance levels are anticipated as a result of this action.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
HEALTHY STREAMS, RIVER, MARSH AND BAY			
2. Sewer Maintenance Equipment		**500,000**	**0**

This action funds two new vactor trucks for the Sanitary Sewer Maintenance division in the Department of Transportation. Vactor trucks will enable staff to be more efficient in cleaning sewer lines and responding to overflows. Vactor trucks require only two workers, and the cleaning and extraction process is automated by the equipment and requires minimal physical labor from staff, reducing the potential for injuries. The result is that the cleaning process is faster, safer, and each crew will be able to address 25% more lines of sewer per day. The addition of two vactor trucks will allow the existing workforce to improve the sewer system cleaning cycle from once every 11 years to once every eight years. (Ongoing costs: $0)

Performance Results:
Quality Staff will be more efficient in cleaning sewer lines and responding to overflows. ***Cycle Times*** The routine schedule of sewer system cleaning will decrease from the current 11 year cycle to an eight year cycle.

3. Rebudget: Vactor Trucks		**500,000**	**0**

The rebudget of unexpended 2006-2007 funds will allow for the purchase of two vactor trucks. (Ongoing costs: $0)

Performance Results: N/A (Final Budget Modification)

2007-2008 Adopted Core Service Changes Total		**997,000**	**0**

Core Service: Storm Sewer Management

Transportation Department

Core Service Purpose

To maintain and operate the storm sewer system in a way that ensures proper flow and is environmentally sensitive to the regional water tributary system and to the South San Francisco Bay.

Key Operational Services:

- Maintain Storm Sewer System
- Provide Street Sanitation
- Manage Stormwater Pollution Control

Performance and Resource Overview

Storm Sewer Management includes preventive cleaning of the storm sewer system, as well as timely responses to storm emergency needs. Inspection, cleaning, and repair of storm sewer inlets, outfalls, pump stations, and retention basins help to prepare for each storm season and are necessary to meet non-point source pollution control objectives. This core service contributes primarily to the Environmental and Utility Services CSA Outcomes: *Reliable Utility Infrastructure* and *Healthy Streams, Rivers, Marsh and Bay.*

Storm Sewer System

The Department of Transportation is responsible for maintaining the City's 1,250 miles of storm sewer lines and 28,700 storm inlets. As a result of the Department's proactive annual storm inlet cleaning program, all storm inlets city-wide were cleaned of debris between October 2006 and February 2007. In addition, a second round of cleaning was performed in the Alviso community which is more prone to flooding due to its proximity to the Bay. Cleaning the storm inlets prevents harmful pollutants, metals, and debris from entering the waterways and eventually the Bay. The program also greatly reduces the number of storm inlets that become blocked during storm events that can cause local ponding or flooding. The mild storm season in 2006-2007 did not result in any significant concerns or problems. The City experienced around 350 plugged storm inlets and 69% of them were cleared within 24 hours. With the assumption that 2007-2008 will be a more normal year for rain, a higher number of plugged inlets is projected.

In addition to cleaning the storm inlets, the Department of Transportation maintains and operates 25 storm water pump stations, many of which are aging and in need of rehabilitation. In 2006-2007, the third year of a multi-year program continued to address the aging storm sewer infrastructure by replacing or rehabilitating the oldest and least reliable pump stations to reduce the risk of flooding. Additional pump station upgrades are programmed to continue in 2007-2008. Other capital projects, such as Outfall Rehabilitation and Storm Drainage Improvement, will be focused on the

Performance and Resource Overview (Cont'd.)

Storm Sewer System (Cont'd.)

resolution of localized drainage problems, such as water ponding and damaged or inadequate curbs and gutters, primarily in residential neighborhoods.

Street Sanitation

The City of San José provides street sweeping services using contractual and city crews for the City's 4,070 curb miles of residential streets, arterial roadways, and bikeways, and in the central and neighborhood business districts. The Environmental Services Department and the Department of Transportation combine efforts to manage, implement, and inspect the Street Sweeping program.

In the most recent Recycle Plus Tracking survey in 2005, 79% of residents responded that they were satisfied with street sweeping services, up 3% from the 2003 survey. This indicates that the strategy to focus on removing parked cars from the street on sweep days has improved the quality of street sweeping and has been effective in mitigating the impacts of the reduction from two sweeps per month to one, which occurred in 2002-2003 due to funding shortfalls. This strategy, initiated in 2003-2004, specifically involved a five-year plan to install parking prohibitions (no-parking signs) during sweeping along the most parking-impacted streets. In 2006-2007, the fourth year of the parking prohibition plan, an additional 40 miles of no-parking signs were installed throughout the City, bringing the total miles of signs installed since the inception of the program to 160 miles. It is projected that with the additional parking prohibitions, 80% of residents will be satisfied with the City's street sweeping services. The survey is scheduled to be conducted again in summer 2007.

Half of the fifth year of the parking prohibition plan is programmed in 2007-2008 to help address the funding shortfalls. Although there is a large backlog of streets needing parking prohibitions on sweep day, only 20 miles of new signs will be installed in 2007-2008 due to limited available funding. Other aspects of the sweeping program will remain the same as in previous years. Customer satisfaction ratings and other performance indicators are projected to remain flat with 20% of residents surveyed unsatisfied with sweeping services.

Stormwater Pollution

The Department of Transportation works closely with the Environmental Services Department to ensure compliance with the City's Urban Runoff Management Plan and the National Pollutant Discharge Elimination System (NPDES) permit that allows the City to discharge water into South San Francisco Bay. The two Departments also coordinate their focus on services that collect pollutants before they reach the waterways. Additionally, the Departments work together to provide annual training for applicable Best Management Practices for City maintenance activities. In an attempt to streamline work conducted in waterways under Santa Clara Valley Water District jurisdiction, a Master Maintenance Permit between the City and the District is in place. The master permit allows the City to be more responsive to non-point source pollution prevention and flood mitigation needs.

Core Service: Storm Sewer Management
Transportation Department

Performance and Resource Overview (Cont'd.)

Storm Sewer Management Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
% of storm sewer inlets without obstruction	96%	95%	98%	95%
% of streets rated clean (4 or greater on a 1 – 5 scale)	75%	82%	82%	82%
Storm Sewer Management Cost to Budget Ratio	0.84	1.00	0.84	1.00
% of storm sewer inlet blockages cleared within 24 hours	64%	70%	69%	70%
% of customers rating street sweeping services good or better based upon effectiveness and satisfaction with street appearance (4 or greater on a 1 – 5 scale)	79%	80%	80%	80%

Changes to Performance Measures from 2006-2007 Adopted Budget: No

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Miles/number of storm sewer segments	1,032/24,752	1,250/25,500	1,042/25,140	1,250/25,500
Number of storm sewer inlets	28,500	29,000	28,700	29,000
Number of storm sewer inlet stoppages identified and cleared	1,616	1,500	350*	1,500
Number of residential curb miles swept	64,900	65,000	66,000	66,000
Number of roadway debris removals	4,432	5,000	4,500	5,000
Thousands of tons of sweeping debris collected	12.50	13.00	13.00	13.00

Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget: No

* The number of storm sewer inlet stoppages identified and cleared is estimated to be lower in 2006-2007 due to a dry season. The number of plugged inlets for 2007-2008 is assumed to be higher under the assumption of having a normal year for rain.

Core Service: Storm Sewer Management

Transportation Department

Performance and Resource Overview (Cont'd.)

Storm Sewer Management Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 4,303,853	$ 4,757,568	$ 4,805,225	$ 4,826,883	1.5%
Non-Personal/Equipment	1,624,031	2,016,001	2,026,461	2,071,177	2.7%
Total	**$ 5,927,884**	**$ 6,773,569**	**$ 6,831,686**	**$ 6,898,060**	**1.8%**
Authorized Positions	**51.44**	**53.44**	**51.44**	**51.69**	**(3.3%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE			
1. Vehicle Maintenance Staffing		**(2,000)**	**0**

This action generates city-wide vehicle maintenance and operations cost savings totaling $69,154 ($55,323 in the General Fund), resulting from the elimination of a vacant Equipment Mechanic Assistant position (vacant since June 2004) in the General Services Department. The cost savings in the Department of Transportation, Storm Sewer Management Core Service is $2,000. No impacts to current service levels are anticipated with this reduction because of a decreased fleet size and the end, in 2006-2007, of the multi-year freeze on general fleet replacements which has resulted in the average age of the fleet decreasing. Vehicle replacements, however, are still subject to an exemption process managed by both the General Services Department and the City Manager's Office. (Ongoing savings: $2,000)

Performance Results:
No impacts to current performance levels are anticipated as a result of this action.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
HEALTHY STREAMS, RIVERS, MARSH AND BAY			
2. Storm Sewer Staffing	**(0.75)**	**(63,546)**	**0**

This action will eliminate 0.30 vacant positions (0.15 Maintenance Supervisor and 0.15 Maintenance Worker II) and 0.45 filled position (0.45 Maintenance Worker I) in the Department of Transportation. The positions were vacated between August 2004 and June 2006. The filled Maintenance Worker I position, currently in the Street Landscape Maintenance Core Service, will be redeployed to existing vacancies in the Pavement Maintenance Core Service. These staff reductions and redeployments will minimally impact current service levels in Storm Sewer Management as a number of the positions have been vacant for some time. (Ongoing savings: $63,546)

Performance Results:
Quality, Customer Satisfaction Reduced service levels in removing and keeping debris from going out into the storm drain system, which causes inlet stoppages, would continue.

3. Expanded Street Sweeping Signage	**1.00**	**131,920**	**0**

This action continues one-time funding to support a Maintenance Worker II position and associated non-personal/equipment funding for the fifth year in a row. This Maintenance Worker will install signs prohibiting parking on street sweeping days on an additional 20 curb miles. The additional signs will be placed on streets that are severely impacted by parking. With additional parking restrictions posted, street sweeps will be more effective at cleaning neighborhood roads and preventing the influx of debris into the storm drain system and, ultimately, into area streams and the bay. (Ongoing costs: $0)

Performance Results:
Quality Streets where new parking prohibition signage will be installed will achieve over 85% of parking compliance on sweep day, allowing for effective sweeping operations and resulting in clean streets. ***Customer Satisfaction*** This action enables the Department of Transportation to identify and install parking prohibition signs on additional streets where greater than 50% of curbs are blocked by parked cars on sweep day.

2007-2008 Adopted Core Service Changes Total	**0.25**	**66,374**	**0**

Strategic Support

Environmental Services Department

Strategic Support represents services provided within departments that support and guide the provision of the core services. Strategic Support within the Environmental Services Department includes:

Key Operational Services:

- Public Education
- Long Range Planning
- Employee Services
- Facility Management
- Financial Management
- Information Technology Services
- Clerical Support
- Materials Management

Performance and Resource Overview

Key initiatives in this area include annual reporting on the Environmental Services Department's special funds and rates, legislative research and advocacy, and GIS mapping activities.

Strategic Support Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 5,725,439	$ 6,364,720	$ 6,233,119	$ 6,233,119	(2.1%)
Non-Personal/Equipment	1,034,739	1,445,873	1,446,873	1,446,873	0.1%
Total	**$ 6,760,178**	**$ 7,810,593**	**$ 7,679,992**	**$ 7,679,992**	**(1.7%)**
Authorized Positions	**59.00**	**59.00**	**59.00**	**59.00**	**0.0%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
NONE			

Strategic Support
Transportation Department

Provide the necessary direction and support to the department's core services by ensuring sound budget and fiscal services, hiring of quality new employees, development of a highly skilled and safe workforce, and implementation of useful and reliable information technology systems.

Key Operational Services:

- Budget and Financial Services
- Training and Safety
- Personnel
- Information Technology

Performance and Resource Overview

Strategic Support provides essential behind-the-scenes services that are necessary for the effective management of the department's core services. By centralizing operational services such as budget and financial management, training and safety functions, personnel services, and information technology management, front-line staff are better able to provide quality services to the department's customers.

The Department of Transportation's strategic support staff provides a variety of services that support the outcomes in the Environmental and Utility Services CSA, including budget and financial services, training, safety, personnel, and information technology support. For more information on these services, including the Performance Summary and Activity and Workload Highlights, please see the narrative in the Strategic Support section of the Transportation and Aviation Services CSA section of this document.

Strategic Support Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 813,395	$ 797,772	$ 845,598	$ 845,598	6.0%
Non-Personal/Equipment	8,973	34,160	40,160	40,160	17.6%
Total	**$ 822,368**	**$ 831,932**	**$ 885,758**	**$ 885,758**	**6.5%**
Authorized Positions	**6.84**	**6.84**	**6.84**	**6.84**	**0.0%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Strategic Support
Transportation Department

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
NONE			

Environmental and Utility Services CSA

City-Wide Expenses

Overview

The Environmental and Utility Services Program provides funding for basic utility services in a way that values the environment and makes it easy for residents and businesses to do the same.

Budget Summary

City-Wide Expenses Resource Summary*	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Environmental and Utility Services	$ 915,017	$ 1,466,000	$ 778,000	$ 1,352,324	(7.8%)
Total	**$ 915,017**	**$ 1,466,000**	**$ 778,000**	**$ 1,352,324**	**(7.8%)**
Authorized Positions	**0.00**	**0.00**	**0.00**	**0.00**	**0.0%**

* For a complete listing of allocations for the Environmental and Utility Services Program, please refer to the City-Wide Expenses section of this document.

Budget Changes by Program

Adopted Program Changes	Positions	General Fund ($)
1. Energy Efficiency Program		**309,324**

This action supports 1.0 additional Associate Environmental Services Specialist position included in the Environmental Services Department plus supplies, training, workstations, and overhead for a two-year pilot program on energy efficiency audits, installations, and solar installation analysis for City facilities. In addition to these energy efficiency projects, a pilot project will be conducted by the Department of Transportation (DOT) to retrofit 50 high pressure sodium fixtures with more energy efficient LED fixtures in a non-observatory restricted area such as the Downtown. There will be a net-zero impact to the General Fund as a $300,000 energy rebate check was received by DOT in 2006-2007 and will be used to fund this program for two years, with future rebate checks anticipated to extend this program indefinitely. (Ongoing costs: $0)

2. Green Challenge 07-09 Program **25,000**

As directed in the Mayor's June Budget Message, one-time funding of $25,000 was allocated to support the Green Challenge 07-09 Program. Volunteers will clean riverbeds and be taught about various environmental programs such as energy conservation, proper recycling, pollution reduction, and habitat restoration. (Ongoing costs: $0) (Final Budget Modification)

3. Rebudget: Low Income Energy Assistance **240,000**

This rebudget of unexpended 2006-2007 funds will allow for the continued availability of funding for Low Income Energy Assistance in 2007-2008. (Ongoing costs: $0) (Final Budget Modification)

2007-2008 Adopted Program Changes Total	**574,324**

Environmental and Utility Services CSA

General Fund Capital, Transfers, and Reserves

Budget Summary

General Fund Capital, Transfers, and Reserves *Environmental & Utility Services CSA* Resource Summary*	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Transfers to Other Funds	$ 202,719	$ 0	$ 0	$ 0	0.0%
Total	**$ 202,719**	$ 0	$ 0	$ 0	**N/A**
Authorized Positions	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

* For a complete listing of allocations for the Transfers to Other Funds Program for the Environmental and Utility Services CSA, please refer to the General Fund Capital, Transfers, and Reserves section of this document.

Budget Changes by Program

Adopted Program Changes	Positions	General Fund ($)
NONE		